# ROY CITY CORPORATION Roy, Utah

Comprehensive Annual Financial Report For the Fiscal Year Ended June 30, 2005

## Comprehensive Annual Financial Report For the City of Roy, Utah Fiscal Year Ended June 30, 2005

Prepared by:

Cathy A. Spencer
Management Services Director

#### **ROY CITY CORPORATION**

#### Comprehensive Annual Financial Report For the Fiscal Year Ended June 30, 2005

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### **INTRODUCTORY SECTION**

Mayor City Manager Roger Phil Burnett

• Christopher G. Davis



**City Council** 

 Margie B. Becraft, Larry Peterson, Tommy Smith, Dave Tafoya
 Dan Tanner

August 22, 2005

To the Honorable Mayor, Members of the City Council, and Citizens of the City of Roy:

State law requires that all general-purpose local governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report (CAFR) of Roy City Corporation for the fiscal year ended June 30, 2005.

This report consists of management's representations concerning the finances of Roy City Corporation. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, the management of Roy City Corporation has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of Roy City Corporation's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, Roy City Corporation's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City's financial statements have been audited by Schmitt, Griffiths, Smith & Co., P. C. a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of Roy City Corporation for the fiscal year ended June 30, 2005, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors concluded based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that Roy City Corporation's financial statements for the fiscal year ended June 30, 2005, are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. Roy City Corporation's MD&A can be found immediately following the report of the independent auditors.

Entities receiving funding from the federal government are federally mandated to undergo a "Single Audit" designed to meet the special needs of federal grantor agencies. The Single Audit Act of 1996 and the U. S. Office of Management and Budget's Circular A-133 governing single audit engagements require the independent auditors to report not only on the fair presentation of the financial statements, but also on the audited

government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. Although the City received funds under federal financial assistance programs, the revenue was not sufficient to require a single audit.

The State of Utah requires the City to be audited in accordance with Government Auditing Standards (GAO Yellow Book 2003 Revision) and sets forth general requirements for auditors to follow in its Compliance Manual for Audits of Local Governments. The City is responsible for compliance with the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort or earmarking; and other special tests and provisions applicable to each of its major state assistance programs as required by the State of Utah Legal Compliance Audit Guide.

The comprehensive annual financial report is presented in four sections:

- The Introductory Section, which is unaudited, includes this transmittal letter, the City's Certificate of Achievement for Excellence in Financial Reporting for FY 2004, an organizational chart of the City, and a list of elected and appointed officials.
- \* The Financial Section includes the MD&A, the basic financial statements, the notes to the financial statements, as well as the independent auditors' report on the financial statements and schedules.
- \* The Statistical Section, which is unaudited, includes financial and demographic information, usually presented on a multi-year basis.
- The Compliance Section includes the independent auditors' reports on State Legal Compliance and Government Auditing Standards.

#### Profile of the Government

The City of Roy was incorporated on March 10, 1937 as Roy City Corporation. It is located in the northern part of the state along the Wasatch Front. Hill Air Force Base borders the City on the east and provides employment to many of the City's residents. Roy City Corporation currently occupies a land area of 7.8 square miles and serves a population of approximately 35,000. The City is empowered to levy a property tax on both real and personal properties located within its boundaries. It also is empowered by state statute to extend its corporate limits by annexation, which occurs periodically when deemed appropriate by the governing council.

Roy City Corporation operates under the council-mayor form of government. Policy-making and legislative authority are vested in a governing council consisting of a mayor and five other members, known as the City Council. The governing council is responsible, among other things, for passing ordinances, adopting the budget, appointing committees, and hiring the City's manager. The City Manager is responsible for carrying out the policies and ordinances of the governing council, for overseeing the day-to-day operations of the City, and for appointing the directors of the various departments. The Mayor and City Council are elected on a non-partisan, at-large basis and serve four-year staggered terms.

Roy City Corporation provides a full range of services, including police and fire protection; water, sewer and sanitation; construction and maintenance of highways, streets, and other infrastructure; and recreational activities. The governing council of the City also serves as the Board of Directors for the Redevelopment Agency of Roy, Utah (RDA). The RDA is a separate legal entity, but due to the oversight responsibilities of the City's governing council in the decision making process, is reported within the financial statements of Roy City Corporation. Additional information on the RDA can be found in Note 1 in the notes to the financial statements.

The annual budget serves as the foundation for Roy City Corporation's financial planning and control. All departments of the City are required to submit requests for appropriations to the Budget Officer in March of each year. The Budget Officer and City Manager use these requests as the starting point for developing a tentative budget. The Budget Officer then presents the tentative budget to the governing council at their first meeting in May. The council is required to hold public hearings on the tentative budget and to adopt a final budget no later than June 22<sup>nd</sup>. The appropriated budget is prepared by fund, and department (e.g., police). Department Directors may make transfers of appropriations within a department. Transfers of appropriations between departments require approval of the governing council. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the major governmental funds, this comparison is presented on pages 39-40 as part of the basic financial statements for the governmental funds. For governmental funds with appropriated annual budgets, other than the major governmental funds, this comparison is presented in the governmental fund subsection of this report, which starts on page 76.

#### **Factors Affecting Financial Condition**

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which Roy City Corporation operates.

Local Economy. The economy in Roy and the State as a whole has been slow for the past few years. New home construction continues, but at a declining rate. Over the past year, the City has seen some improvement to revenue flows in the area of sales tax, which the City relies on heavily. And, although Roy City Corporation enjoys a diverse group of businesses, the majority of local sales tax dollars come from grocery stores, convenience stores, and restaurants. Income from grocery stores does not fluctuate greatly in changing economies, but income from luxury products, such as dining out, does. The number of single family and multi-family dwellings continues to slowly increase allowing for more consumers within the City and a marginal increase to property tax revenue.

Property taxes are equally as important to the City's ability to fund operations. Now that Roy City's boundaries have been fully established, the amount of new home building will subside. As this happens, it is imperative that the City focus on appropriate commercial development and redevelopment. This will assist in recapturing sales tax revenues and help to reduce the City's reliance on property taxes. The City is seeing increased commercial growth along the 3500 West corridor. A mortuary and professional buildings have been constructed along 6000 South, while retail establishments are expanding at 5600 South and 4800 South. The City looks to these same areas for continued future commercial development.

Employment. Based on current projections and availability of lots, the population of Roy is expected to grow at a slower rate than what has been seen over the last few years. The 2000 census set the City's population at 32,885, with 52% of the population in the labor force. Those in the work force travel an average of twenty-two minutes to work, which indicates that the majority of the working population is employed outside of the City. The median family income is \$53,763, slightly above the national median family income of \$50,046.

Major Employer. One of the major employers of the City's residents is Hill Air Force Base (Hill AFB). Two premiere fighter wings, the 388th and the 419th, make their home at the base. The Ogden Air Logistics Center (the Center) is the host unit and largest organization at Hill AFB. The Center provides worldwide engineering and logistics management for the F-16 Fighting Falcon and A-10 Thunderbolt. It is responsible for repairing various missiles, rocket motors, munitions, and other aerospace related items; and is responsible for more than \$11 billion in inventory for 400 bases worldwide. As a result of these operations, nearly \$696 million in contracts are

awarded annually. More than 23,000 people work at Hill AFB including 13,000 civilians, 4,700 military, 3,700 contractors, and 1,600 reservists amounting to an annual base payroll of nearly \$750 million. It is anticipated that Hill AFB will continue to be an economic resource to the local economy for years to come.

Overall the economic outlook for the area should remain stable. We have a viable trained work force which continues to entice companies to look at Utah, and Roy City favorably. Cautious optimism will be the guide words as we progress.

Major Initiatives. Most notably, the largest project within the City this year was the construction of Ermma Russell Park. The project was partially funded through the National Parks Service by a Land and Water Conservation Fund grant totaling \$383,200. In order to hold the overall project costs down, the City used crews and equipment from the Parks & Recreation Department, Street Department, and Water Division to complete phases of the park. The project began in FY 2004 with planning, mobilization, and rough grading of the property. In FY 2005, phase one was nearly completed and includes a softball facility, parking lot, walking track, and leisure rest areas for the public. Phase one includes a number of items that may not be as noticeable including drainage systems, fill material, top soil, concrete strips, and fencing. Upon completion, the 34.5 acre site will be the largest of Roy City's parks. The facility is expected to be completed by the end of 2005.

Public Works crews completed a large stretch of the Howard Slough Parkway that has been under construction for many months. The stretch of slough that was completed runs from 4800 South to 5250 South and includes an urban fishery known as the Meadow Creek Pond. Fishing is available in the pond as well as the entire length of the slough parkway. The slough also includes a nature trail and an expanded and redesigned drainage area. The holding capacity of the drainage area was increased by 25 acre feet and worked well during the many storms that hit this past spring. Homes along the parkway that used to get flooded are no longer taking water from the slough.

Crews in the Public Works Department also enlarged the 4800 South detention pond. The bottom was excavated 4 feet deeper, which increased the holding capacity by 7 acre feet. The outlet was modified to require the pond to fill at least half way before allowing water to spill over and charge the West Park pond area. The new outlet provides a stepped graduated increase in flow based on the elevation of water in the pond. This improves the automatic functionality of the main pond.

The Fire Department received a \$65,985 grant from FEMA under the Fire Act to install an automatic vehicle exhaust system at both stations. The system draws toxic exhaust fumes from trucks and channels it outside of the building. The system is hooked to the exhaust pipes of vehicles parked in the apparatus bay. It begins operation automatically when the engines on the vehicles are started. The grant also provided funds to purchase three laptop computers. The computers were installed in the fire trucks and have pre-plan information, hydrant location, and contact numbers for major companies.

Roy City completed a comprehensive rewrite of its zoning and subdivision ordinances. The new ordinances are designed to be user friendly, provide clear and consistent land use requirements, and efficiently implement the new general plan. It also provides the City staff, Planning Commission, and City Council with the tools necessary to make sound land use planning and development decisions. Special thanks and credit should be given to the Zoning Ordinance and Subdivision Ordinance (ZOSO) Committee – Roger Burnett, Dave Tafoya, Larry Peterson, Brad Hilton, and Karlene Yoeman.

Future Initiatives. The Redevelopment Agency of Roy, Utah is planning to construct a city street within the Union Pacific right-of-way from 5600 South to 5400 South. The new road will improve access to the Marketplace Plaza

(Harmon's), Walgreens, a proposed hotel east of the right-of-way, and future commercial redevelopment immediately north of Walgreen's.

The RDA is also financing the installation of a streetscape beautification project on 5600 South from I-15 to 1900 West. The project incorporates features developed by the Grassli Group in 2002. Additional areas on 1900 West and Riverdale Road will be beautified by property owners/developers as development or redevelopment occurs.

Roy City has retained a planning consultant to update and integrate the sign regulation ordinance with the newly adopted zoning ordinance. The primary focus will be on standards for future commercial development.

Much time was spent during the year reviewing the financial future of Roy City. The Mayor, City Council, City Manager, and Department Directors prepared needs assessments and available funding options. Ultimately, the City Council determined that a general property tax increase should be implemented. The proposed increase, which will augment property tax income by approximately \$360,000, will be focused in three areas; fire and rescue equipment, remodeling and expansion of the municipal building, and recreational facilities repairs and improvements.

#### Cash Management

Roy City Corporation follows the requirements of the Utah Money Management Act (Act) in handling its depository and temporary investment transactions. This law requires the deposit of City funds in a "qualified depository". The Act defines "qualified depository" as any financial institution whose deposits are insured by an agency of the Federal government and which has been certified by the Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council. The Act also defines the types of securities allowed as appropriate for temporary investments of the City and the conditions for making investment transactions. The provisions of this act substantially protect the City from loss of investment principal; therefore the City's investments are not collateralized as allowed by State law. The City has never lost any invested funds.

Cash temporarily idle during the year was invested with the Utah State Treasurer's Investment Pool (the Pool), which is approved by the Utah Money Management Council. Total funds in custody of the City Treasurer as of June 30, 2005 was \$11,952,769, of which \$9,888,795 were deposited with the State Treasurer's Investment Pool. Statutes allow cities to invest in the Pool, even though deposits are uninsured. The average yield on cash invested in the Pool was 2.4020%. At June 30, 2005, the portfolio yield on an actual 365 day year was 3.1816%.

#### Risk Management

As a provider of a wide variety of governmental services, the City continues to emphasize risk management. The proliferation of legal actions, ever increasing claims consciousness of the public, and constantly increasing costs of accidents continue to be major concerns. The risk management objectives of Roy City Corporation are (1) the continuity of essential City services, (2) the safety of employees and the public, and (3) the avoidance of unnecessary and unreasonable liability exposure.

The City provides for its general liability risks through a joint protection agreement with the Utah Risk Management Mutual Association (URMMA). URMMA provides for the City's lawful liabilities resulting from bodily injury,

property damage, and personal injury. Additional coverage for facilities, assets, errors and omissions, and worker's compensation are provided by commercial policies that are renewed annually.

As part of the City's comprehensive plan, resources are being accumulated in the Risk Management Fund to provide for losses not covered by insurance. Additionally, various risk control techniques, including employee accident prevention training, responsible insurance coverage, and a safety committee are maintained to minimize accident-related losses.

#### Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Roy City Corporation for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2004. In order to be awarded a Certificate of Achievement, the government published an easily readable and efficiently organized CAFR. This report satisfies both GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the Management Services Department. I would like to express my appreciation to all members of the City who assisted and contributed to the preparation of this report, and to our auditors, Schmitt, Griffiths, Smith & Co., P. C., for their cooperation. Credit must also be given to the Mayor, City Council, and City Manager for their unfailing support for maintaining the highest standards of professionalism in the management of Roy City Corporation's finances.

Respectfully submitted,

Cathy A. Spericer

Management Services Director

## Certificate of Achievement for Excellence in Financial Reporting

Presented to

## Roy City Corporation,

### Utah

For its Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2004

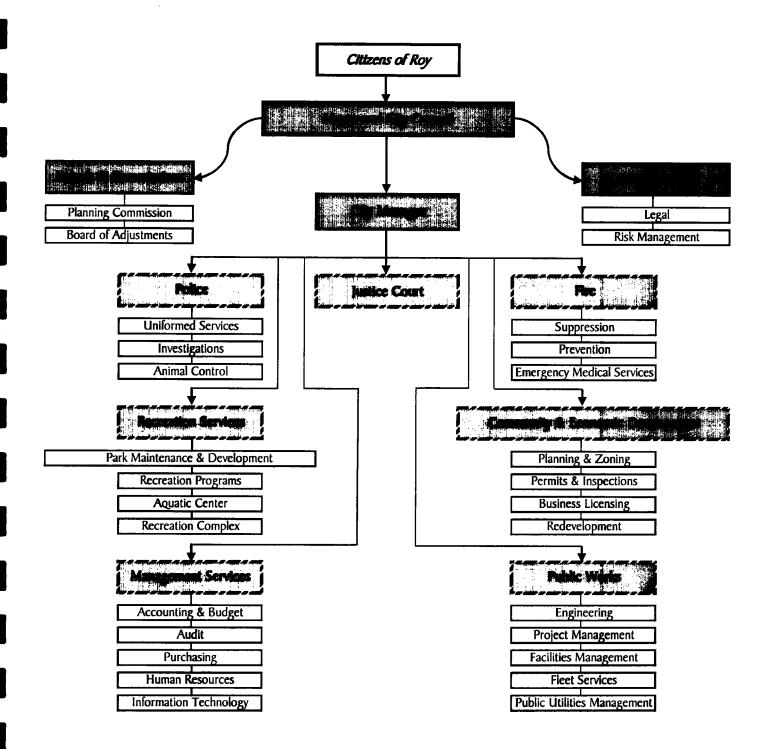
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Affry P. Ener

**Executive Director** 



## ROY CITY CORPORATION List of Elected and Appointed Officials June 30, 2005

#### Elected Officials

Larry Peterson Tommy J. Smith Dave Tafoya	Mayor City Councilperson
	Executive, Legal and Budgetary Officials
Andrew H. Blackburn	City Manager City Attorney Budget Officer
	Statutory Appointed Officials
Christopher G. DavisLinda Benson	Chief of Police City Recorder City Treasurer City Engineer
	Department Directors
Jon Ritchie Cathy A. Spencer Michael A. Mansfield	Community and Economic Development DirectorFire ChiefManagement Services DirectorPublic Works DirectorRecreation Services Director

#### **FINANCIAL SECTION**

Harlan P. Schmitt, MBA, CPA
Sherman H. Smith, MBA, CFP, CPA
Brent H. Griffiths, MBA, CPA
Mark C. Furniss, CPA
Stugart L. Tholen, CPA
Dan C. Milne, MIM, CMA, CPA

## Schmitt, Griffiths, Smith & Co., P.C.

#### REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Honorable Mayor and Members of the City Council City of Roy, Utah

We have audited the accompanying financial statements of governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Roy City Corporation as of and for the year ended June 30, 2005, which collectively comprise the City's basic financial statements as listed in the table of contents. These basic financial statements are the responsibility of Roy City Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information, of Roy City Corporation, as of June 30, 2005, and the respective changes in financial position and cash flows, where applicable, thereof and the budgetary comparisons for the major governmental funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated August 22, 2005 on our consideration of the Roy City Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis and non-major fund budgetary comparison information, as listed in the table of contents, are not a required part of the basic financial statement but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the basic financial statements that collectively comprise the Roy City Corporation basic financial statements. The introductory section, combining and individual non-major fund financial statements, schedules and statistical data listed in the table of contents are presented for







purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual non-major fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Schmitt, Linggieles, Smith : C. P.C.

August 22, 2005

#### MANAGEMENT'S DISCUSSION AND ANALYSIS

Roy City Corporation's discussion and analysis is designed to assist the reader in focusing on significant financial issues; provide an overview of the City's financial activity; identify changes in the City's financial position; and identify any material deviations from the budget.

Since the Management's Discussion and Analysis (MD&A) is designed to focus on the current year's activities, resulting changes and currently known facts, we encourage readers to consider the information presented in conjunction with the letter of transmittal and the City's financial statements.

#### Financial Highlights

- The City's net assets increased by \$1,610,745. Approximately \$.3 million of the increase is attributable to operations of the utility funds, while \$1.3 million is a result of governmental fund operations.
- The net assets of Roy City Corporation exceeded its liabilities at the close of the most recent fiscal year by \$54,426,326 (net assets). Of this amount, \$8,762,055 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$8,075,030, an increase of \$1,071,994 in comparison with the prior year. Approximately \$5.07 million of the total amount is available for spending at the City's discretion (unreserved fund balance).
- At the close of the fiscal year, unreserved fund balance for the general fund was \$3,053,625 or 23.95% of the total general fund expenditures.

#### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements which are comprised of: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also includes other supplementary information in addition to the basic financial statements themselves.

#### Government-Wide Financial Statements

The government-wide financial statements are designed to provide the reader with a broad overview of the City's finances in a manner similar to a private-sector business. The governmental and business-type activities are consolidated into columns which add to a total for the primary government.

The *statement of net assets* presents information on all of the City's assets and liabilities, which is the difference between the two reported as *net assets*. Over time, increases and decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. However, the reader will need to consider other non-financial factors. For the first time, this statement combines and consolidates governmental fund's current financial resources with capital assets and long-term obligations.

The statement of activities presents information showing how the City's net assets changed during the fiscal year reported. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus all of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

Both of the government-wide financial statements distinguish functions of Roy City Corporation that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of Roy City Corporation include general government, public safety, highways and streets, community and economic development, redevelopment, culture and recreation, storm sewer development, and park development. The business-type activities of Roy City Corporation include the Water and Sewer Utility Fund and Storm Sewer Utility Fund.

The government-wide financial statements include not only the City itself (known as the *primary government*), but also a legally separate entity, the Redevelopment Agency of Roy Utah (RDA) for which Roy City Corporation is financially accountable. Although a legally separate entity, this *blended component unit* is, in substance, part of the City's governmental operations and is included as part of the primary government for financial reporting purposes.

#### Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. These funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

Roy City Corporation maintains eight individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, and the redevelopment fund. Data from the other five governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

<u>Propriety funds.</u> Roy City Corporation maintains two different types of proprietary funds. <u>Enterprise funds</u> are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its Water and Sewer Utility and for its Storm Sewer Utility. <u>Internal service funds</u> are an accounting device used to accumulate and allocate costs internally among the City's various functions. Roy City Corporation uses internal service funds to account for its management information systems and its insurance coverage. Because these services predominantly benefit governmental rather

than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

Propriety funds provide the same type of information as the government-wide financial statements, only in more detail. The propriety fund financial statements provide separate information for the Water and Sewer Utility, which is considered to be a major fund of Roy City Corporation and the Storm Sewer Utility, which is considered to be a non-major fund. Conversely, the two internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds are provided in the form of *combining statements* within this report.

<u>Fiduciary funds</u>. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

#### Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

#### Other Information

The combining statements referred to earlier in connection with non-major governmental funds and internal service funds are presented immediately following the notes to the financial statements.

#### Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of Roy City Corporation, assets exceeded liabilities by \$54,426,326 at the close of the most recent year, June 30, 2005.

By far, the largest portion of the City's net assets, 78.37%, reflects its investment in capital assets (e.g., land, buildings, infrastructure, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources need to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The following table reflects the condensed statement of net assets:

#### Roy City Corporation's Net Assets (Stated in Thousands of Dollars) As of June 30

	Governmen	Governmental Activities Business-type		pe Activities	To	tal
	2005	2004	2005	2004	2005	2004
Current and other assets	\$9,658	\$8,981	\$5,366	\$5,418	\$15,024	\$14,399
Capital assets	28,442	28,205	14,317	13,948	42,7 <b>59</b>	42,153
Total assets	38,1 <b>0</b> 0	37,186	19,683	19,366	57,783	56,552
Long-term debt						
outstanding	1,649	1,631	3 <i>7</i>	33	1,686	1,664
Other liabilities	1,309	1,692	362	380	1,671	2,072
Total liabilities	2,958	3,323	399	413	3,357	3,736
Net assets:						
Invested in capital						
assets net of related debt	28,338	2 <b>7,997</b>	14,317	13,948	42,655	41,945
Restricted	3,009	2,921	_	-	3,009	2,921
Designated	145	109	-	-	145	109
Unrestricted	3,650	2,836	4,967	5,005	8,61 <i>7</i>	7,841
Total net assets	\$35,142	\$33,863	\$19,284	\$18,953	\$54,426	\$52,816

An additional portion of the City's net assets (6 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets, \$8,762,055 may be used to meet the City's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, Roy City Corporation is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

Governmental activities increased Roy City's net assets by \$1,278,935, while business-type activities increased net assets by \$331,810. Key elements of the City's increase in net assets can be found in the table below:

#### Roy City Corporation's Changes in Net Assets (Stated in Thousands of Dollars) As of lune 30

AS OF JUNE 30						
Governmenta	l Activities	Business-t	ype Activities	То	tal	
2005	2004	2005	2004	2005	2004	
- 41 1 144 A	3.43					
\$ 3,215	\$ 2,894	\$ 5,410	\$ 5,433	\$ 8,625	\$ 8,327	
1,152	1,551	-	-	1.152	1.551	
585	1,484	39	1,051	624	2,535	
	\$ 3,215 1,152	Governmental Activities           2005         2004           \$ 3,215         \$ 2,894           1,152         1,551	Governmental Activities         Business-t           2005         2004         2005           \$ 3,215         \$ 2,894         \$ 5,410           1,152         1,551         -	Governmental Activities         Business-type Activities           2005         2004           \$ 3,215         \$ 2,894           \$ 5,410         \$ 5,433           1,152         1,551	Governmental Activities         Business-type Activities         To           2005         2004         2005         2004         2005           \$ 3,215         \$ 2,894         \$ 5,410         \$ 5,433         \$ 8,625           1,152         1,551         -         -         1,152	

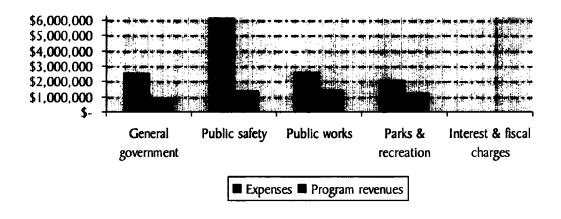
General revenues:						
Property taxes	2,620	2,007		-	2,620	2,007
Other taxes	6,233	5,598	-		6,233	5,598
Investment earnings	264	16 <i>7</i>	-	· · · -	264	167
Other	48	41	172	··· -	220	41
Total revenues	14,117	13,742	5,621	6,484	19,738	20,226
Expenses:						
General government	2,551	2,342	-	-	2,551	2,342
Public safety	6,103	5,956	-	• -	6,103	5,956
Public works	2,610	1,91 <i>7</i>	-	-	2,610	1,91 <i>7</i>
Parks and recreation	2,108	1,981	-	-	2,108	1,981
Interest and fiscal charges	28	35	-	-	28	35
Water and sewer utility	-	• -	4,571	4,436	4,571	4,436
Storm sewer utility	<u>-</u>		157	108	157	108
Total expenses	13,400	12,231	4,728	4,544	18,128	16,775
Increase in net assets						
before transfers	717	1,511	<b>8</b> 93	1 <b>,9</b> 40	1,610	3,451
Transfers	562	528	( 562)	( 528)		-
Increase in net assets	1,279	2,039	331	1,412	1,610	3,451
Net assets — beginning	33,863	31,824	18,953	17,541	52,816	49,365
Net assets – ending	\$35,142	\$33,863	\$19,284	\$18,953	\$54,426	\$52,816

Governmental activities. The governmental activities portion of the increase in net assets accounted for 79% of the total growth for the City as a whole.

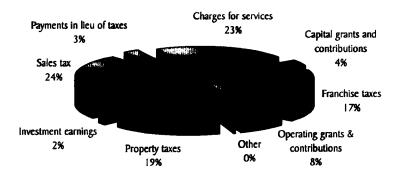
- Overall, property taxes increased by \$612,892 in the governmental funds from FY 2004. Property taxes in the general fund increased by \$58,858, while the increment received by the RDA increased \$554,034. The RDA requests property tax increment based on planned expenditures. Those expenditures fluctuate from year-to-year depending on projects in the individual districts.
- ❖ Other taxes were up by \$635,559 over the previous fiscal year. Of that increase \$184,772 or 29% was a result of sales tax, while franchise tax revenue accounted for 68% or \$433,912 of the increase. The remaining portion of the increase came from motor vehicle fees.
- Revenue from charges for services increased by \$321,780 for FY 2005. The Justice Court, public safety dispatch, and ambulance services showed increases in revenue of \$206,215, \$151,474 and \$143,744, respectively. A decrease of \$123,240 occurred in building related charges, including impact fees. Recreational services decreased overall by \$55,477, although the Recreation Complex increased by \$17,835. Cemetery fees also dropped by \$8,724 for the fiscal year.
- The City continued with a multi-year Land and Water Conservation Grant through the State of Utah to help fund construction of Emma Russell Park. For FY 2005, the City recognized \$258,413 in revenue from the grant.
- Roy City's average yield on investments increased .9081% over fiscal year 2004. Although balances were down, income from interest grew by \$97,387.

The following graphs display a different perspective on governmental activities reflected in the City's statement of activities:

#### Expenses and Program Revenues - Governmental Activities



#### Revenues by Source – Governmental Activities



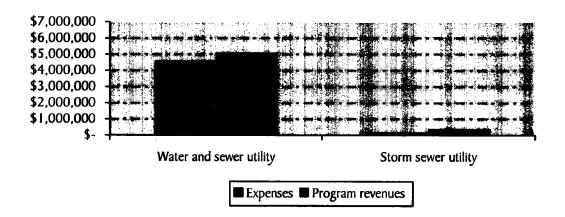
Business-type activities. The business-type activities portion of the increase in net assets was 21% of the total growth for the City. At the end of the current fiscal year, all of the City's business-type funds reported positive net assets.

Key elements of the increase to net assets of business-type activities include:

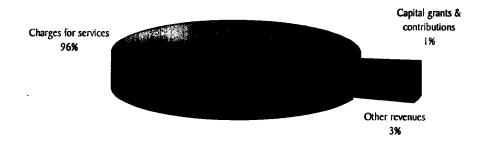
- Revenue from water, sewer, storm sewer and garbage services increased by \$165,073.
- ♦ Impact and connection fees related to new home construction was down \$29,382.
- ❖ A federal grant was received from the Department of Homeland Security for \$38,423 to assist with safeguarding the reservoir system.

The following graphs display a different perspective on business-type activities reflected in the City's statement of activities:

#### Expenses and Program Revenues - Business-type Activities



#### Revenues by Source – Business-type Activities



#### Financial Analysis of the Government's Funds

As noted earlier, Roy City Corporation uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

<u>Governmental funds</u>. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$8,075,030, an increase of \$1,071,994 from the prior year. Approximately 63%, or \$5,065,766 amount

constitutes unreserved fund balance, which is available for spending at the City's discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed 1) to liquidate contracts and purchase orders of the prior period, 2) to pay debt service, or 3) for a variety of restricted purposes.

The general fund is the chief operating fund of the City. At the end of the current fiscal year, unreserved fund balance of the general fund was \$3,053,625, while the total fund balance reached \$4,296,805. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total expenditures. Unreserved fund balance represents 24% of total general fund expenditures, while total fund balance represents 34% of that same amount.

During the fiscal year, the fund balance of Roy City Corporation's general fund (budget basis) increased by \$450,439. Key factors in the increase are as follows:

- Tax revenues, including property, sales, franchise, and fees in lieu, exceeded budgeted amounts by \$303,640.
- Revenue from licenses and permits exceeded budgeted amounts by \$31,258.
- Charges for services, including public safety, recreation, and development exceeded budgeted amounts by \$60,685.
- Rates on investments were up 60% from 2005. Interest income increased \$10,401 from FY 2004.
- The budget included expending Class C Road fund reserves to supplement current revenues. The funds were used for maintenance, capital projects, and equipment and totaled \$199,668.
- City-wide departments worked to keep expenditures down. The majority of departments did not expend all of the budgeted funds which added to the increase in fund balance. General government was under budget by \$81,000; public safety under budget by \$108,000; and parks and recreation under budget by \$17,000.

The capital project funds have a total fund balance of \$614,476, all of which is set aside for specific projects. The net increase in fund balances during the current year of \$455,996 was the result of setting funds aside for major capital expenditures. At June 30, 2005, fund balances available for specific projects include Capital Improvements Plan of \$610,696 and Fire & Rescue Facilities and Equipment of \$3,780.

The special revenue funds have a total fund balance of \$3,163,749. The special revenue fund unreserved fund balance increased by \$263,086 as a result of operations and capital outlay. At June 30, 2005, available fund balances in the individual funds included Redevelopment Agency \$2,033,682; Storm Sewer Development \$453,378; Park Development \$573,743; and Cemetery \$102,946.

<u>Proprietary funds</u>. Roy City Corporation's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of the Water and Sewer Utility at the end of the fiscal year amounted to \$4,335,722, and those for the Storm Sewer Utility amounted to \$595,210. The Water and Sewer Utility experienced a decrease in net assets of \$151,626, while the Storm Sewer Utility's net assets grew by \$105,913.

Operating revenues for the Water and Sewer Utility increase by 3% from the prior year, while expenditures increased 4%. The increase in revenue resulted from an increase in water and garbage fees. The water rate rose 5% and garbage fee 7%. Both increases were a result of increases from services providers that were passed along

to the customer. The cost of personnel services rose by \$50,112, or 5%, while contractual services rose by \$124,323, or 4%.

For the Storm Sewer Utility Fund, revenues were up slightly to \$351,200, a 2% increase. Personnel services and contractual services were up by 36% and 28%, respectively. Funding for operations was increased to maintain the system by adding a part-time employee and scheduling more debris removal.

#### General Fund Budgetary Highlights

During the fiscal year, the general fund's original budget for expenditures and other financing uses was amended from an original total of \$12,574,839 to a final budget of \$13,833,176, an increase of \$1,258,337. The increase can be briefly summarized as follows:

- \$266,959 in increases to public safety, primarily allocated to the police and fire departments for fuel and capital assets
- \$312,269 in increases allocated to public works activities, including roads and public improvements
- ❖ \$136,122 in increases for parks and recreation activities primarily allocated to personnel costs and capital assets
- \$564,246 increase in transfers to capital project funds

Of these increases, \$262,122 was to be funded by increases in tax revenue; \$140,800 from increases in charges for services; \$247,736 from fees and other financing sources; \$420,211 from increases in operating and capital grants and contributions; \$188,277 from available fund balance; and a \$13,762 decrease in governmental expenditures. During the year, however, revenues exceeded budgetary estimates and expenditures were less than budgetary estimates, thus allowing the actual amount drawn from fund balance to be less than expected.

#### Capital Assets and Debt Administration

<u>Capital assets</u>. Roy City Corporation's investment in capital assets for its governmental and business-type activities as of June 30, 2005, amounts to \$42,758,881 (net of accumulated depreciation). The investment in capital assets includes land, buildings, improvements other than buildings, infrastructure, machinery and equipment, vehicles, and construction in progress. The total increase in the City's investment in capital assets for the current fiscal year was 2% (a 1% increase in governmental activities and a 3% increase in business-type activities).

Major capital asset events during the current fiscal year include the following:

- Construction on Emma Russell Park totaled \$386,494. The project is multi-year and estimated at \$2.2 million.
- Replace the pressure reducing vault on 4800 South for \$381,575.
- Purchase an Elgin Eagle street sweeper for \$133,623.
- Replace 6000 South waterline and pressure reducing vault for \$102,883.
- Purchase a 2005 Ford Wheelcoach ambulance for \$99,700.
- Purchase a 2005 International truck with sander, snowplow, and bed for \$98,264.
- Purchase a 2005 International ten wheel dump truck for \$79,640.
- Install landscaping along Airport Road between 4400 and 4800 South for a cost of \$78,993.
- Install vehicle exhaust systems in Fire Stations #31 and #32 for \$65,985. This project was funded by a grant from FEMA.

- Purchase a 2006 Scotty Life Safety House for \$49,680. This was funded by a FEMA grant and will be used to teach citizens fire safety.
- Purchase GPS locating equipment for use in identify manholes, hydrants, and meters for \$41,967.

Install a traffic semaphore at Roy High School for \$41,831.

Roy City Corporation's Capital Assets
(Stated in Thousands of Dollars and Net of Depreciation)

	Governmental Activities		Business-t	ype Activities	Total	
	<b>20</b> 05	2004	2005	2004	2005	2004
Land	\$ 3,224	\$ 2,985	\$ 9	\$ 9	\$ 3,233	
Buildings	5,708	5,707	9	9 9	\$ 3,233 5,717	\$ 2,994
Improvements other than bidgs	21,842	20,676	18.613	18,542	40,455	5,716
Machinery and equipment	3,452	3.225	594	565	4. <b>04</b> 6	39,218
Automobiles and trucks	4,705	4.314	611	4 <b>7</b> 9	5.316	3, <b>790</b>
Construction in progress	1,572	1.644	1.360	737	2.932	4,793
Accumulated depreciation	(12,061)	(10,346)	(6,879)	(6,393)	(18,940)	2,381
Total capital assets	\$28,442	\$28,205	\$14,317	\$13,948	\$42,759	(16,739) \$42,153

Additional information on Roy City Corporation's capital assets can be found in the footnotes to the financial statements.

Long-term debt. At the end of the current fiscal year, the City's blended component unit, the Redevelopment Agency of Roy Utah (RDA), had total bonded debt outstanding of \$382,000. The entire amount of the debt is backed by the full faith and credit of the RDA. The RDA has pledged future tax increment to repay the debt. The City has entered into an annual contribution agreement whereby it agrees to budget an amount equal to the amount by which the payments due on the bonds for any fiscal year exceeds the amount of tax increment available to the RDA for payment.

State statutes limit the amount of general obligation debt a governmental entity may issue to 4% of its total taxable value. The current limitations for the City are \$35,383,320, which is significantly in excess of Roy City Corporation's outstanding general obligation debt. In addition, state statutes allow for an additional 4% to be used for water, sewer and electrical projects thus resulting in a debt limit of 8% of total taxable value. The City's water and sewer utility is allowed an additional \$35,383,320 in debt obligation, which again significantly exceeds the outstanding business-type debt.

#### Economic Factors and Next Year's Budget and Rates

- The unemployment rate for Roy City is currently 4.1%. This compares to the state's average unemployment rate of 4.7% and the county's average of 5.1%.
- New businesses continue to expand outside of the central business district.
- Revitalization is taking place in the central business district with the removal or remodel of older structures, making way for new businesses.
- Economic trends in the region compare favorably to national indices.

These factors were considered in preparing the City's budget for the 2006 fiscal year.

#### Request for Information

This financial report is designed to provide a general overview of Roy City Corporation's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Management Services Director, 5051 South 1900 West, Roy, Utah 84067.

### **BASIC FINANCIAL STATEMENTS**

#### ROY CITY CORPORATION Statement of Net Assets June 30, 2005

	Primary Government				
	Governmental	Business-type			
	Activities	Activities	Total		
ASSETS					
Current assets:					
Cash	\$ 7,492,119	\$ 3,405,617	\$ 10,897,736		
Restricted cash:			, ,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,		
Class "C" roads	992,515	-	992,515		
Investment in water stock		16.100	16,100		
Interactivity receivable	-	<b>36,4</b> 04	<b>36,</b> 404		
Accounts receivable - net of	•	•	, ,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,		
allowance for doubtful accounts	647,306	85 <b>8.8</b> 25	1,506,131		
Internal balances	(550,000)	550,000	•		
Inventory	1,028,544	271,207	1,299,751		
Prepaid items	47,408	227,523	274,931		
Total current assets	<b>9,657,8</b> 92	5,365,676	15,023,568		
Noncurrent assets:					
Capital assets:					
Land	3,223,735	<b>8,8</b> 65	3,232,600		
Buildings	5,708,082	9,339	5,717,421		
Improvements other than buildings	21,841,620	18,613,520	40,455,140		
Machinery and equipment	3,451,484	593,695	4,045,179		
Automobiles and trucks	4,705,406	610,915	5,316,321		
Construction in progress	1,572,262	1,359,895	2,932,157		
Less accumulated depreciation	(12,060,826)	(6,879,111)	(18,939,937)		
Total capital assets net of		-			
accumulated depreciation	28,441,763	14,317,118	42,758,881		
Total assets	\$ 38,099,655	\$ 19,682,794	\$ 57,782,449		

## ROY CITY CORPORATION Statement of Net Assets, continued June 30, 2005

	Primary Government					
	G	overnmental		Business-type		
		Activities		Activities		Total
LIABILITIES						
Current liabilities:						
Accounts payable	\$	366,018	\$	327,527	\$	693,545
Accrued wages		424,289	•	26.558	Ψ	450,847
Compensated absences		100,413		7,968		108,381
Deferred revenue		253,055		,,505		253,055
Interactivity payable		36,404		_		23 <b>3,0</b> 33 36,404
Current portion of long-term debt		163,443				163,443
Total current liabilities	•	1,343,622		362,053		1,705,675
Long-term liabilities:						
Long-term debt due in more than one year		1,485,782		37 <b>,28</b> 7		1,523,069
Guarantee deposits		128,379		-		128,379
Total liabilities	<del></del>	2,957,783		399,340		3,357,123
NET ASSETS						
Invested in capital assets, net of related debt Restricted for:	2	8,337,889		14,317,118		42,655,007
Encumbrances		1,050,561		-		1,050,561
Inventory		1,028,544		-		1,028,544
Prepaid items		43,368		-		43,368
Class "C" roads		776,686		-		776,686
Debt service		110,105		-		110,105
Unrestricted		3,794,719		4,967,336		8,762,055
Total net assets	\$ 3	5,141,872	\$ 1	9,284,454	\$ .	54,426,326

## ROY CITY CORPORATION Statement of Activities For the Fiscal Year Ended June 30, 2005

			Program Revenue
		Character	Operating
	Expenses	Charges for Services	Grants and
ELINICTIONIC (DROCE ANAC	LAPCISCS	Services	Contributions
FUNCTIONS/PROGRAMS	**		
Primary government: Governmental activities:			
	<b></b>		
General government	\$ 2,551,374	\$ 927,240	\$ -
Public safety Public works	6,102,834	1,149,136	127,165
	2,609,811	192,924	1,024, <b>90</b> 7
Parks and recreation	2,108,559	946,044	-
Interest and fiscal charges	27,601		
Total governmental activities	13,400,179	3,215,344	1,152,072
Business-type activities:			
Water and sewer utility	4,570,564	5,060, <b>70</b> 1	-
Storm sewer utility	156,148	349,370	-
Total business-type activities	4,726,712	5,410,071	
Total primary government	\$ 18,126,891	<b>\$ 8,</b> 625,415	\$ 1,152,072
	General revenues:	-	
	Property taxes		
	Sales tax		
	Franchise taxes		
	Payments in lieu o	f taxes	
	Unrestricted invest	tment earnings	
	Other revenues no	t restricted to specific	programs
	Transfers		
	Total general rev	enues and transfers	
м	Changes in net	<b>as</b> sets	
	Net assets - beginni	ng	
	Net assets - ending		
	J		

	Net (Expense) Revenue and Changes in Net Assets				
Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total		
<b>\$</b> -	\$ (1,624,134)	<b>\$</b> -	<b>\$</b> (1,624,134)		
115,565	(4,710,968)	-	(4,710,968)		
210,928	(1,181,052)	-	(1,181,052)		
258,413	(904,102)	-	(904, 102)		
•	(27,601)	<i>-</i>	(27,601)		
584,906	(8,447,857)		(8,447,857)		
38,423	-	<b>528,560</b> 193,222	528,560 193,222		
38,423		721,782			
\$ 623,329	(8,447,857)	721,782	<u>721,782</u> (7,726,075)		
	2,619,529	-	2,619,529		
	3,467,306	-	3,467,306		
	2,364,530	-	2,364,530		
	401,408	-	401,408		
	264,234 <b>47</b> ,903	-	264,234		
	561,882	171,910	219,813		
	9,726,792	(561,882)	9,336,820		
	1,278,935	331,810	1,610,745		
	33,862,937	18,952,644	52,815,581		
	\$ 35,141,872	\$ 19,284,454	\$ 54,426,326		

# ROY CITY CORPORATION Balance Sheet Governmental Funds June 30, 2005

		Special Revenue Fund	Other	Total
m .		Redevelopment	Governmental	Governmental
	General	Agency	<u>Funds</u>	<u>Funds</u>
ASSETS				
Cash	\$ 4,25 <b>7,7</b> 01	\$ 1,178,469	\$ 1,729,957	\$ 7,166,127
Restricted cash:				
Class "C" roads	992,515	-	-	992,515
Accounts receivable, net	2,501,776	-	105,990	2,607,766
Inventory	<b>75,97</b> 0	950,000	2,574	1,028,544
Prepaid items	43,368			43,368
Total assets	\$ 7,871,330	\$ 2,128,469	\$ 1,838,521	\$ 11,838,320
LIABILITIES				
Accounts payable	\$ 228,386	\$ 28,660	\$ 9 <b>3,97</b> 8	\$ 351,024
Accrued wages payable	422,096	-	-	422,096
Compensated absences	98,276	-	-	98,276
Deferred revenue	2,147,388	66,127	-	2,213,515
Guarantee deposits	12 <b>8,3</b> 79	-	-	128,379
Advance from other funds	550,000	<u> </u>		550,000
Total liabilities	\$ 3,574,525	\$ 94,787	<b>\$</b> 93, <b>9</b> 78	\$ 3,763,290

## ROY CITY CORPORATION Balance Sheet, continued Governmental Funds June 30, 2005

	Special Revenue Fund Redevelopment General Agency		Other Governmental Funds	Total Governmental
FUND BALANCES			- I dilds	<u>Funds</u>
Reserved for:				
Encumbrances	\$ 237,051	\$ <i>727,75</i> 0	\$ 85.760	f 1.050.5c.
Inventory	75,970	9 <b>50</b> ,000		\$ 1,050,561
Prepaid items	43,368	730,000	2,574	1,028,544
Class "C" roads	776,686	-	-	43,368
Debt service	110,105	-	-	776,686
Unreserved, reported in:	170,103	-	<del>-</del>	110,105
General fund	3,017,934			201-0-
Capital projects funds	3,017,531	-	614.476	3,017,934
Special revenue funds	_	2 <b>46.</b> 483	614,476	614,476
Designated, unreserved	35,691	109,449	1,041,733	1,288,216
Total fund balances	4,296,805	2,033,682	1,744,543	145,140 8,075,030
Total liabilities and fund balances	\$ 7,871,330	\$ 2,128,469	\$ 1.838.521	0,0/3,030
Amounts reported for governmental ac different because: Capital assets used in governmental	activities are not fir			
Long-term liabilities, including bonds	funds. s payable, are not d	ue and pavable in t		28,441,763
therefore, are not reported in the Long-term liabilities, including bonds current period and therefore are no Internal service funds are used by mainformation technology and risk maassets and liabilities of the internal activities in the statement of net ass	funds.  s payable, are not do  ot reported in the fundament to charge  anagement to individuals  service funds are indeported.	lue and payable in t unds. e the costs of dual funds. The	he	(1,649,225)
Long-term liabilities, including bonds current period and therefore are no Internal service funds are used by ma information technology and risk ma assets and liabilities of the internal	funds.  s payable, are not do  ot reported in the fundament to charge  anagement to individuals  service funds are indeported.	lue and payable in t unds. e the costs of dual funds. The	he	

### Statement of Revenues, Expenditures, and Changes in Fund Balances Governmental Funds

## For the Fiscal Year Ended June 30, 2005

			Special		•			
		Re	venue Fund	0	ther		Total	
		Re	Redevelopment		nmental	C	Governmental	
	General		Agency	Fo	ınds		Funds	
Revenues:								
Taxes	\$ 7,739, <b>05</b> 4	\$	712,311	\$	-	\$	8,451,365	
Payments in lieu of taxes	401,408		-		-		401,408	
Licenses and permits	348 <b>,8</b> 08		-		-		348,808	
Intergovernmental	1,478,565		-	2	58,413		1,736,978	
Charges for services	2,679,867		-		-		2,679,867	
Impact fees	-		-	Ĺ	74,533		174,533	
Fines and forfeitures	574,018		-		-		574,018	
Investment earnings	215,401		26,5 <i>7</i> 0		22,263		264,234	
Property rental	17,222		-		-		17,222	
Management fee	167,106		-		-		167,106	
Miscellaneous	24,701		-		5,980		30,681	
Total revenues	13,646,150		738,881	4	61,189	-	14,846,220	
Expenditures:								
Current:								
General government	2,215,391		<b>25</b> 2,277		19,676		2,487,344	
Public safety	5,872,359				-		5,872,359	
Public works	2,635,236		_		-		2,635,236	
Parks and recreation	1,911,743		-		-		1,911,743	
Debt service:								
Principal retirement	103,872	_	26,000		-		129,872	
Interest and fiscal charges	12,465		15,136				27,601	
Capital outlay	-		46,951	6	76,644		<b>7</b> 23,595	
Total expenditures	12,751,066		340,364	6	96,320		13,787,750	
Excess (deficiency) of revenues				* -				
over (under) expenditures	\$ 895 <b>,08</b> 4	\$	398,517	<b>\$</b> (2.	35,131)	\$	1,058,470	

# Statement of Revenues, Expenditures, and Changes in Fund Balances, continued Governmental Funds For the Fiscal Year Ended June 30, 2005

	General		-	Special Revenue Funds Redevelopment Agency			Other overnmental Funds	(	Total Governmental Funds
Excess (deficiency) of revenues over (under) expenditures	\$	895,084	_\$	398	,517	\$_	(235,131)	\$	1,058,470
Other financing sources (uses): Sale of capital assets Operating transfers in		13,524 -			- -		555.696		13,524 555,696
Operating transfers out		(555,696)			-		-		333,696) (555,696)
Total other financing sources (uses)		(542,172)			<del>-</del>		555,696		13,524
Net change in fund balances		352,912		398,	51 <i>7</i>		320,565		1,071,994
Fund balances - beginning of year		3,943,893		1,635,	165	1	,423,978		7,003,036
Fund balances - end of year	\$ 4	1,296,805	\$	2,033,	682	\$ 1	.744,543	_\$	8,075,030

# Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities For the Fiscal Year Ended June 30, 2005

-	 
Amounts reported for governmental activities in the statement of activities (page 33) are different because:	
Net change in fund balances - total governmental funds (page 37)	\$ 1,071,994
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	207,055
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net assets.	(993)
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	(18,360)
Internal service funds are used by management to charge the cost of information technology and risk management to individual funds. The net revenue or loss of certain activities of internal service funds is reported with governmental activities.	19,239
Internal services funds are consolidated with governmental activities in the statement of activities. Interfund transfers between such funds are eliminated in consolidation. This amount reflects interfund transfers from the internal service funds.	 -
Change in net assets of governmental activities	\$ 1,278,935

# ROY CITY CORPORATION General Fund

# Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget to Actual For the Fiscal Year Ended June 30, 2005

	Budgete	d Amounts	Actual	Variance with Final Budget - Positive		
	Original			(Negative)		
Revenues:				(1.10%=11.0)		
Taxes:						
Property	\$ 1,807,000	\$ 1,860,122	\$ 1,907,218	\$ 4 <b>7.0</b> 96		
Sales	3,300,000	3,300,000	3,467,306	•		
Telecom gross receipts	-	480,000	466,911	167,306		
Franchise	1,805,400	1,534,400	1,610,276	(13,089)		
Paramedic	287,300	287,300	287,343	75,876		
Payments in lieu of taxes	375,000	375,000	401,408	43		
Licenses and permits	322,000	317,550	348,808	26,408		
Intergovernmental	1,059,100	1,479,311	1,478,565	31,258		
Charges for services	2,478,382	2,619,182		(746)		
Fines and forfeitures	437,000	577,000	2,679,867	60,685		
Investment earnings	107,351	205,000	574,018	(2,982)		
Property rental	15,600	16,590	215,401	10,401		
Management fee	167,106	167,106	17,222	632		
Miscellaneous	15,000	24,097	167,106 24,701	- 604		
Total revenues	12,176,239	13,242,658	13,646,150	403,492		
Expenditures:						
General government:						
Legislative	464,509	422,409	397,304	25,105		
Legal	195,085	195,085	187,637	7,448		
Community & economic development	406,825	415,426	398,629	16,797		
Information technology	109,954	117,454	117,454	10,737		
Justice court	119,516	130,689	124,189	6,500		
Management services	459,465	460,079	443,084	16,995		
Public buildings	383,419	383,869	375,625	8,244		
Risk management	174,943	174,943	174,943	0,211		
	2,313,716	2,299,954	2,218,865	81,089		
Public safety:						
Animal control	130,240	131,540	132,421	(188)		
Fire	2,530,838	2,698,504	2,618,435	80,069		

# ROY CITY CORPORATION General Fund

### Change is Free I Delayer Deal 11. A

Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget to Actual, continued For the Fiscal Year Ended June 30, 2005

	Budgete	d Amounts	Actual	Variance with Final Budget - Positive	
	Original	Final	Amounts	(Negative)	
Police	3,082,346	3,180,339	3,151,611	28,728	
	5,743,424	6,010,383	5,902,467	107,916	
Public works:					
Administration	345,528	346,273	335,935	10,338	
Class "C" roads	1,388,600	1,642,784	1,267,274	375,510	
Shop	179,155	185,755	185,671	84	
Streets	667,015	717,755	<b>70</b> 1,65 <b>7</b>	16,098	
	2,580,298	2,892,567	2,490,537	402,030	
Parks and recreation:		•			
Aquatic center	335,250	363,628	381,410	(17,782)	
Parks and recreation	788,418	871,100	852,577	18,523	
Recreation complex	682,901	707,963	691,346	16,617	
	1,806,569	1,942,691	1,925,333	17,358	
Debt service:					
Principal	103,873	103,873	103,872	- 1	
Interest and fiscal charges	12,462	12,465	12,465	-	
-	116,335	116,338	116,337	1	
Total expenditures	12,560,342	13,261,933	12,653,539	608,394	
Excess (deficiency) of revenues					
over (under) expenditures	(384,103)	(19,275)	992,611	1,011,886	
Other financing sources (uses):					
Sale of capital assets	10,000	13,641	13,524	(117)	
Operating transfers out	(14,497)	(571,243)	(555,696)	15,547	
Total other financing sources (uses)	(4,497)	(557,602)	(542,172)	15,430	
Net change in fund balance	(388,600)	(576,877)	450,439	1,027,316	
Fund balance - beginning of year	3,609,315	3,609,315	3,609,315		

# Redevelopment Agency - Special Revenue Fund Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget to Actual For the Fiscal Year Ended June 30, 2005

	Rudoete	Budgeted Amounts		Variance with  Final Budget -  Positive
	Original	Final	Actual Amounts	(Negative)
Revenues:				(1.1082210)
Property tax	\$ 1,548,800	\$ <b>7</b> 02,800	\$ 712,311	\$ 9,511
Investment earnings	11,000	14,200	26,570	12,370
Total revenues	1,559,800	717,000	738,881	21,881
Expenditures:				
General government	223,536	255,603	252,277	3,326
Debt service:		·	<b>,</b>	0,020
Principal retirement	26,000	26,000	26,000	_
Interest and fiscal charges	11,900	15,136	15,136	-
Capital outlay	1.789.795	997,141	774,701	222,440
Total expenditures	2,051,231	1,293,880	1,068,114	225,766
Net change in fund balance	(491,431)	(576,880)	(329,233)	24 <b>7,6</b> 47
Fund balance - beginning of year	1,635,165	1,635,165	1,635,165	_
Fund balance - end of year	\$ 1,143,734	\$ 1,058,285	\$ 1,305,932	\$ 247,647

## ROY CITY CORPORATION Statement of Net Assets Proprietary Funds June 30, 2005

	Business-t	Governmental Activities -		
	Water & Sewer	Storm Sewer		Internal
	<b>Utility Fund</b>	Utility Fund	Total	Service Funds
ASSETS				
Current assets:			•	
Cash	\$ 2,83 <b>8,7</b> 10	\$ 566,907	\$ 3,405,617	\$ 325,992
Investment in water stock	16,100	-	16,100	•
Advance to other fund	55 <b>0,0</b> 00	-	550,000	~
Accounts receivable - net of				
allowance for doubtful accounts	<b>808,5</b> 43	50,282	<b>85</b> 8,825	-
Inventory	271,207	-	271,207	-
Prepaid items	227,523		227,523	<b>4,0</b> 40
Total current assets	4,712,083	617,189	5,329,272	330,032
Noncurrent assets:				
Capital assets:	,	•		
Land	8,865	-	8,865	-
Buildings	<b>9,3</b> 39	-	9,339	
Improvements other than buildings	18,182,317	431,203	18,613,520	-
Machinery and equipment	516,412	<i>77</i> ,2 <b>83</b>	593,695	52 <b>8,2</b> 40
Automobiles and trucks	610,915	-	610,915	-
Construction in progress	954 <b>,7</b> 93	405,102	1,359,895	_
Less accumulated depreciation	<u>(6,836,855)</u>	(42,256)	(6,879,111)	(326,303)
Total capital assets net of				
accumulated depreciation	13,445,786	871,332	14,317,118	201,937
Total assets	18,157,869	1,488,521	19,646,390	531,969

# ROY CITY CORPORATION Statement of Net Assets, continued Proprietary Funds June 30, 2005

	Business-t	ype Activities - Enterp	orise Funds	Governmental Activities -
	Water & Sewer	Storm Sewer		Internal
	Utility Fund	<b>Utility Fund</b>	Total	Service Funds
LIABILITIES				
Current liabilities:				
Accounts payable	31 <b>0,7</b> 12	15, <b>815</b>	326,527	14,993
Accrued wages	24,575	1,983	26,558	2,192
Compensated absences	41,074	4,181	45,255	2,137
Total current liabilities	376,361	21,979	398,340	19,322
Total liabilities	376,361	21,979	398,340	19,322
NET ASSETS				
Invested in capital assets	13,445,786	871,332	14,317,118	201,937
Unrestricted	4,335,722	595,210	4,930,932	310,710
Total net assets	\$ 17,781,508	\$ 1,466,542	\$ 19,248,050	\$ 512,647
A francis of the first		r 1		
Adjustment to reflect the consolid related to enterprise funds	lation of internal service 1	fund activities	36,404	
Net assets of business-type activit	ies		\$ 19,284,454	

# Statement of Revenues, Expenses, and Changes in Fund Net Assets Proprietary Funds

For the Fiscal Year Ended June 30, 2005

	Rusiness	type Activities - Enter	nrise Funds	Governmental Activities -		
	Water & Sewer Utility Fund		Total	Internal Service Funds		
Operating revenues:		<b>Utility Fund</b>		-		
Charges for services	\$ 5,0 <b>60,7</b> 01	\$ 349,370	\$ 5,410,071	\$ 391,332		
Other fees	158,025	-	158,025	-		
Other income	12,035	1,850	13,885			
Total operating revenue	5,230,761	351,220	5,581,981	391,332		
Operating expenses:						
Personnel services	1,162,143	52, <b>67</b> 2	1,214,815	52,286		
Contractual services	3,075,079	70, <b>50</b> 7	3,145,586	15,373		
Materials and supplies	277,406	6, <b>57</b> 5	283,981	<b>29,</b> 423		
Other general costs of services	130,623	1,765	132,388	212,629		
Depreciation	496,376	24,629	521,005	54,201		
Total operating expenses	5,141,627	156,148	5,297,775	363,912		
Operating income	89,134	195,072	284,206	27,420		
Non-operating revenues:						
Intergovernmental - Homeland						
security grant	38,423	_	38,423	-		
Proceeds from sale of capital assets	000,1	<u> </u>		-		
Total non-operating revenues	39,423	-	39,423	•		
Changes in net assets	128,557	195,072	323,629	27,420		
Total net assets - beginning	17,652,951	1,271,470		485,227		
Total net assets - ending	\$ 17,781,508	\$ 1,466,542		\$ 512,647		
Adjustment to reflect the consolidati related to enterprise funds	on of internal service	fund activities	8,181			
Change in net assets of business-type	e activities		\$ 331,810			
5			331,010			

# ROY CITY CORPORATION Statement of Cash Flows Proprietary Funds For the Fiscal Year Ended June 30, 2005

	Business-	Governmental Activities -		
	Water & Sewer Utility Fund	Storm Sewer Utility Fund	Total	Internal Service Funds
Cash flows from operating activities:	· · · · · · · · · · · · · · · · · · ·	<del></del>		
Cash received from customers and users	\$ 5,166,216	\$ 344,611	\$ 5,510,82 <i>7</i>	\$ -
Cash received from quasi-external activities	-	_	-	391,402
Other income	12,035	1,850	1 <b>3,8</b> 85	331,102
Payments to suppliers	(3,414,172)	(78,088)	(3,492,260)	(260,679)
Payments to employees	(1,155,533)	(51,830)	(1,207,363)	(50,696)
Payments for quasi-external services used	(98,935)		(98,935)	(50,070)
Net cash provided by operating activities	509,611	216,543	726,154	80,027
Cash flows from capital and related financing activities:				
Purchase of capital assets	(778,666)	(99,083)	(877 <b>,7</b> 49)	(114,217)
Refund grant proceeds in excess of capital costs	(2,706)	-	(2,706)	(,2.,7)
Proceeds from sale of capital assets	1,000		1,000	_
Net cash used in capital and related financing				
activities	(780,372)	(99,083)	(879,455)	(114,217)
Net increase (decrease) in cash	(270,761)	117,460	(153,301)	(34,190)
Cash - beginning of year	3,109,471	449,447	3,558,918	360,182
Cash - end of year	\$ 2,838,710	\$ 566,907	\$ 3,405,617	\$ 325,992

# ROY CITY CORPORATION Statement of Cash Flows, continued Proprietary Funds For the Fiscal Year Ended June 30, 2005

		Business-	type Ac	ctivities - Ente	prise F	unds		vernmental activities -
·	Water & Sewer		Storm Sewer					Internal
	<u>u</u>	tility Fund	U	Itility Fund		Total	Sei	rvice Funds
Reconciliation of operating income to net								
cash provided by operating activities:								
Operating income	\$	89,134	\$	195,072	\$	284,206	\$	27,420
Adjustments to reconcile operating income to						201,200		27,120
net cash provided by operating activities:								
Depreciation		496,376		24,629		521,005		54,201
(Increase) decrease in accounts receivable		(44,425)		(4,300)		(48,725)		70
(Increase) decrease in allowance for		, , -,		(1,000)		(10,725)		70
uncollectible accounts		2,639		172		2,811		_
(Increase) decrease in inventory		(24,226)		-		(24,226)		_
(Increase) decrease in prepaid items		(22,880)		_		(22,880)		(4,040)
Increase (decrease) in accounts payable		6,384		128		6,512		786
Increase (decrease) in accrued wages		1,070		664		1.734		250
Increase (decrease) in compensated absences		5,539		178		5,71 <i>7</i>		1,340
Total adjustments		420,477		21,471		441,948		52,607
Net cash provided by operating activities	\$	509,611	\$	216,543	\$	726,154	\$	80,027
Non-cash capital and related financing activities:								
Purchase of equipment on account	\$	5,005	\$	15,688			\$	3,879

# Statement of Fiduciary Net Assets Fiduciary Funds June 30, 2005

	Roy Association of Senior Adults
ASSETS	
Cash	\$ 62,518
Total assets	\$ 62,518
NET ASSETS	
Held in trust for RASA	\$ 62,518
Total net assets	\$ 62,518

# Statement of Changes in Fiduciary Net Assets Fiduciary Funds

For the Fiscal Year Ended June 30, 2005

	Roy Association
	of Senior Adults
Additions:	
Investment earnings	<b>\$ 1,48</b> 5
Total additions	1,485
Changes in net assets	1,485
Total net assets - beginning	61,033
Total net assets - ending	\$ 62,518

## NOTES TO THE FINANCIAL STATEMENTS

### 1. Summary of Significant Accounting Policies

This summary of significant accounting policies of Roy City Corporation (the City) is presented to assist in understanding the City's financial statements. The financial statements and notes are the representation of the City's management, which is responsible for their integrity and objectivity. These accounting policies conform to generally accepted accounting principles, as applicable to governmental organizations. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing accounting and financial reporting principles.

#### **Organization**

The City of Roy was incorporated March 10, 1937 as Roy City Corporation. The City is a municipal corporation governed by an elected mayor and five-member council and provides the following services as authorized by its charter; public safety, public utilities, highways and streets, sanitation, social services, culture and recreation, public improvements, planning and zoning, and general administrative services.

### Reporting Entity

In evaluating how to define the government, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in the GASB Statement #14. Component units are legally separate entities that meet any one of the following three tests. The first test for including a potential component unit within the reporting entity is whether the primary government appoints the voting majority of the board of the potential component unit and is able to impose its will on the potential component unit and/or is in a relationship of financial benefit or burden with the potential component unit. A second criterion is whether the potential component unit is fiscally dependent upon the primary government. A third criterion is whether the financial statements would be misleading if data from the potential component unit were not included. A primary government is said to be financially accountable for a component unit if it meets either of the first two criteria. Based upon the application of these criteria, the City has one component unit.

Blended Component Unit. The Redevelopment Agency of Roy Utah (RDA) was established to prepare and carry out plans to improve, rehabilitate, and redevelop blighted areas with the City. The RDA is governed by a board of directors composed of the City's mayor and members of the city council. Although it is a legally separate entity from the City, the RDA is reported as if it were a part of the primary government because of the City's ability to impose its will upon the operations of the RDA. The RDA is included in these financial statements as the Redevelopment Agency Special Revenue Fund.

The RDA does not prepare separately issued financial statements. Financial information for the RDA may be obtained at the City administrative offices.

#### **GASB #34**

In June 1999, GASB unanimously approved Statement #34 "Basic Financial Statements and Management Discussion and Analysis for State and Local Governments". This statement provides for the most significant change in financial reporting in over twenty years. As part of the statement, there is a new reporting requirement regarding the City's infrastructure, including roads, curb, sidewalks, and storm sewer.

Under GASB #34, the basic financial statements include both the government-wide (based on the City as a whole) and fund financial statements. While the previous model emphasized fund types (the total of all funds of a particular type), the new reporting model's focus is on either the City as a whole or major individual funds. Both the government-wide and fund financial statements (within the basic financial statements) categorize primary activities as either governmental or business-type.

### Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the non-fiduciary activities of the City and its component unit. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those which are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

## Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when the liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

# Notes to the Financial Statements, Continued June 30, 2005

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

The use of financial resources to acquire capital assets are shown as assets in the government-wide financial statements, rather than reported as expenditures. Proceeds of long-term debt are recorded as a liability in the government-wide financial statements, rather than as an other financing source. Amounts paid to reduce long-term debt are reported as a reduction of the related liability, rather than expenditures in the government-wide financial statements.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter (within sixty days) to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded when payment is due.

Sales and use taxes, franchise taxes, and earned but un-reimbursed state and federal grants associated with the current fiscal period are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal year. Property taxes are measurable as of the date levied (assessed) and are recognized as revenues when they become available. All other revenues are considered to be measurable and available only when cash is received by the government.

The City reports the following major governmental funds:

The *general fund* is the primary operating fund of the City. It accounts for all financial resources of the City not accounted for by a separate, specialized fund.

The redevelopment agency special revenue fund is used to account for specific revenue sources that are legally restricted for the improvement, rehabilitation, and redevelopment of blighted areas with the City.

The City reports the following major proprietary fund:

The water and sewer utility enterprise fund is used to account for the activities of the City's water and sewer distribution operations, as well as garbage collection services.

Additionally, the City reports the following fund types:

Internal service funds are used to account for information technology and risk management services provided to various departments on a cost reimbursement basis.

A *fiduciary fund* is maintained for the activities of the Roy Association of Senior Adults, a private-purpose trust fund, which accounts for the resources of a group of senior citizens in the City.

As a general rule the effect of inter-fund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments to the general fund by various enterprise funds for the providing of administrative services for such funds. Elimination of these charges would distort the total costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. General revenues include all taxes and fees in lieu.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of all proprietary funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

#### Assets, Liabilities, and Net Assets or Equity

#### Cash, Deposits, and Investments

Cash includes cash on hand, demand deposits with banks, and deposits in cash management pools that have the general characteristics of demand deposit accounts. City policy allows for the investment of funds in time certificates of deposit with federally insured depositories, investment in the Utah Public Treasurer's Investment Fund (the Fund) and other investments allowed by the State of Utah's Money Management Act.

The Utah Public Treasurer's Investment Fund operates in accordance with state laws and regulations. The reported value of the Fund is the same as the fair value of the Fund shares.

#### Receivables and Payables

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "inter-fund loan receivable or inter-fund loan payable". Any residual

balances outstanding between governmental activities and business-type activities are reported in the government-wide financial statements as "interactivity balances".

Advances between funds, as reported in fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available resources.

Accounts receivable for services related to governmental activities and trade accounts receivable for business-type activities are shown net of allowance for doubtful accounts. The allowance is calculated using a percentage of total accounts receivable in conjunction with an evaluation of items over 180 days.

### Inventories and Prepaid Items

All inventories are valued at cost and accounted for on the first-in, first-out method (FIFO). Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements.

#### **Restricted Assets**

Certain assets are classified as restricted because their use is restricted by laws and regulations.

#### Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial and individual cost of more than \$750 and an estimated useful life of more than two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated assets are recorded at estimated fair market value at the date of donation.

The cost of normal repairs and maintenance that do not add to the value of the asset or materially extend an asset's useful life are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are completed.

Property, plant and equipment of the primary government, as well as the component units, are depreciated using the straight line method over the following estimated useful lives:

Asset Type	<b>Ye</b> ars
Wells	25
Reservoirs	40 - 50
Water distribution system	50
Sewer collection system	50
Infrastructure	15 – 30
Vehicles	5 – 8
Equipment and machinery	5 – 30
Furniture and fixtures	5 – 10
Software	3 – 5

#### **Compensated Absences**

It is the City's policy to allow employees to accumulate earned but unused vacation, compensatory time, and sick leave benefits. For governmental funds amounts of accumulated vacation and compensatory time that are not expected to be liquidated with expendable available financial resources are reported as liabilities in the government-wide statement of net assets and as expenses in the government-wide statement of activities. No expenditures are reported for these amounts in the fund financial statements. Accumulated vacation and compensatory time of proprietary funds is recorded as an expense and a liability of those funds as the benefits accrue to the employees and are thus recorded in both the government-wide financial statements and the individual fund financial statements.

Sick leave amounts are charged to expenditures when incurred. Employees may accumulate sick leave without limitation. Regular employees accumulate sick leave benefits at the rate of twelve days per year, while firefighters accumulate 6.25 days (24 hour shift) per year. The City has implemented an unused sick leave incentive to increase productivity and encourage longevity within the City. The incentive allows for converting a portion of unused sick leave to either annual leave or a contribution to a City sponsored retirement plan. The incentive is paid annually in December and requires employees to meet strict criteria to be eligible. Employees who retire or separate under favorable conditions are paid a portion of unused sick leave based on years of experience and accumulated sick leave hours. At year-end, a liability is accrued at the employee's current hourly rate for the maximum possible separation benefit.

### Long-term Debt

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond discounts and premiums, as well as issuance costs, are deferred and amortized over the life of the applicable debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Recaptured losses are a result of the inter-local cooperative agreement with Utah Risk Management Mutual Association. The City reimburses URMMA over a five year period for claims and legal fees paid by them on behalf of Roy City.

### Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriations or are legally restricted by outside parties for use for specific purposes. Designations of fund balance represent tentative management plans that are subject to change.

## 2. Reconciliation of Government-wide and Fund Financial Statements

# Explanation of Certain Differences between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Assets

The governmental fund balance sheet includes reconciliation between total governmental fund balances and net assets of governmental activities as reported in the government-wide statement of net assets. The difference primarily results from the long-term economic focus of the statement of net assets versus the current financial resources focus of the governmental fund balance sheets.

#### Capital related items:

When capital assets (property, plant, and equipment) that are to be used in governmental activities are purchased or constructed, the costs of those assets are reported as expenditures in governmental funds. However, the statement of net assets includes those capital assets among the assets of the City as a whole.

Cost of capital assets
Accumulated depreciation
Total difference

\$40,502,589 (12,060,**8**26) \$28,441,763

#### Long-term debt transactions:

Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities in the fund financials. All liabilities (both current and long-term) are reported in the statement of net assets.

#### Balances at June 30, 2005 were:

Bonds payable	\$ 382,000
Notes payable	103.873
URMMA recaptured losses	127.810
Compensated absences	1,035,542
Total difference	\$1,649,225
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#### Internal service funds:

Internal service funds are properly classified as proprietary funds. Nonetheless, the assets and liabilities of internal service funds must be included as part of governmental activities for purposes of government-wide financial reporting whenever they primarily serve governmental funds. Assets and liabilities of the information technology and risk management internal service funds included in the government-wide statement of net assets at June 30, 2005 include:

Cash	\$325,992
Prepaid items	4.040
Accounts payable	(14,993)
Accrued wages payable	(2,193)
Interactivity payable	(36,404)
Compensated absences	(2,138)
Total difference	\$274,304

## Explanation of Differences between Governmental Fund Operating Statements and the Statement of Net Activities

The governmental fund statement of revenues, expenditures and changes in fund balances includes a reconciliation between *net changes in fund balance — total governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities. The first element of this reconciliation states that capital outlays are reported in the governmental funds as expenditures while the government-wide statement of activities allocates these costs over the useful lives of the assets as depreciation. While shown in the reconciliation as the amount capital assets exceeded depreciation, the elements of this difference are as follows:

Capital outlay	\$1,879,402
Depreciation expense	(1,672,347)
Total difference	\$ 207,055

## Notes to the Financial Statements, Continued June 30, 2005

Another element of the reconciliation is the net effect of various miscellaneous transactions involving capital assets. The detail of the \$993 difference is as follows:

In the statement of activities, only the gain or loss on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balance by the cost of the capital assets sold.

(\$ 993)

Total difference

Another element of the reconciliation is that the issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The details of the \$18,360 difference are as follows:

Principal repayment – general obligation debt	\$ 26,000
Principal repayment – notes	104,180
URMMA recaptured losses	(127,810)
Compensated absences	(20,7 <b>30</b> )
Total difference	\$ (18,360)

Another element of the reconciliation is that the use of internal service funds inherently create redundancy, because their expenses are reported a second time as expenditures/expenses in the funds that are billed for the services they provide. Therefore, the net revenue of the activities of internal service funds should be reported with governmental activities. At June 30, 2005, the net revenue of the information technology and risk management internal service funds was \$19,239.

A final element of the reconciliation is that during the consolidation of internal service funds with governmental activities, all inter-fund transfers between such funds should be eliminated. During the fiscal year ending June 30, 2005, there were no transfers requiring elimination.

## 3. Stewardship, Compliance, and Accountability

### **Budgetary Information**

Annual budgets are adopted in accordance with the "Uniform Fiscal Procedures Act of Utah Cities". Budgets are prepared for all funds excluding fiduciary funds. On or before the first day of April, all agencies of the City submit requests for appropriation to the City Manager and Budget Officer so that a budget can be prepared. On the first Tuesday in May, the proposed budget is presented to the City Council for tentative acceptance. The City Council then reviews, adjusts, and holds a public hearing on the budget. On or before June 22<sup>nd</sup>, the budget is legally adopted by resolution for the following fiscal year which begins on July 1<sup>st</sup>. If a property tax increase is proposed, the City shall not adopt its final budget until a public hearing has been held. The latest possible date for adoption of a budget with a property tax increase is August 17<sup>th</sup>. All annual appropriations lapse at fiscal year end.

Budgets are prepared by fund, function, and department. The fund budgets may be increased any time during the fiscal year by resolution of the City Council and following a public hearing. The City Council may, by resolution, transfer unexpended appropriations from one department to another department within the same fund. Transfers of unexpended appropriations from one expenditure account to another within the same department can be made by the department directors with the consent of the Budget Officer.

During the fiscal year, the City Council approved several supplemental budgetary appropriations and transfers of appropriations between departments. Included in the appropriations were increases in the general fund of \$1,258,337; the capital projects fund of \$555,696; water and sewer utility of \$34,203; and the park development fund of \$488,831. Decreases in appropriations occurred in the storm sewer development fund of \$50,000; cemetery fund of \$1,000; and the redevelopment agency fund of \$768,587. Increases in the general fund were attributed to the changes in wages and benefits of \$133,955, operations and maintenance of \$29,191, purchase and construction of capital assets of \$530,708, and transfers to other funds of \$564,246. The increases in the capital projects, water and sewer utility and park development funds, as well as the decreases in the storm sewer development and redevelopment agency funds, were for purchase and construction of capital assets. The decrease in the budget for the cemetery funds was for the perpetual care of the cemetery. Other supplemental appropriations were not considered to be material.

Encumbrance accounting is employed in the governmental funds. Under this method, outstanding purchase orders and contracts are treated similar to expenditures. Accordingly, the financial statements presented in accordance with generally accepted accounting principles differ from the budgetary basis.

### Budget/GAAP Reconciliation

The following schedule reconciles individual fund balances under encumbrance accounting (budget) to individual fund balances under GAAP.

# Notes to the Financial Statements, Continued June 30, 2005

	General Fund	Redevelopment Agency Fund	Storm Sewer Development Fund	Park Development Fund
Fund balance (budget)	<b>\$</b> 4,05 <b>9,7</b> 54	\$1,305,932	<b>\$37</b> 1,3 <i>7</i> 8	<b>\$569,</b> 983
Encumbrances	237,051	727,750	<b>8</b> 2,000	3,760
Fund balance (GAAP)	\$4,296,805	\$2,033,682	\$453,378	\$573,743

#### **Excess of Expenditures over Appropriations**

For the year ended June 30, 2005, expenditures exceeded appropriations in the Animal Control and Aquatic Center departments (the legal level of budgetary control) of the general fund by \$881 and \$17,782, respectively. These over expenditures were funded by greater than anticipated revenues.

#### Tax Revenue

Real property taxes are collected by the County Treasurer and remitted to the City shortly after collection. The tax levy is established by June 15<sup>th</sup> with a lien date of January 1<sup>st</sup>. Taxes are due and payable on November 1<sup>st</sup> and delinquent after 12 o'clock noon on November 30<sup>th</sup> of each year. An accrual of uncollected current and prior year's property taxes beyond that which was received at final settlement in the first quarter of the calendar year has not been made, as the amount is deemed to be immaterial.

Sales taxes are collected by the Utah State Tax Commission and remitted to the City monthly.

Franchise taxes are charged to various utility companies doing business with the City including telephone, cellular phones, cable television, natural gas, and electric companies. The fees are remitted on a monthly or quarterly basis and an accrual has been made for all fees due and payable to the City at June 30<sup>th</sup>.

#### Cash and Cash Equivalents

For purposes of the statement of cash flows for proprietary and internal service funds, cash equivalents are defined as highly liquid investments, with original maturities of less than ninety days that are held for sale in the ordinary course of business.

#### 4. Detailed Notes for All Funds

#### Cash and investments

At year end, the City's carrying amount of deposits was \$11,949,844 and the bank balance was \$12,155,495. Of the bank balance, \$2,266,700 was covered by federal depository insurance and \$9,888,795 was uninsured and uncollateralized. Deposits are not required to be collateralized under state statute. The City also had \$2,925 of cash on hand at June 30, 2005.

# Notes to the Financial Statements, Continued June 30, 2005

Investments are categorized into three categories of credit risk:

- Category 1 includes investments that are insured or registered, or securities held by the City or its agent in the City's name.
- Category 2 includes investments that are uninsured and unregistered, with securities held by the counterparty's trust department or agent in the City's name.
- Category 3 includes investments are uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent, but not in the City's name.

At year end, none of the City's investments were subject to the above categorization. The City invests idle funds in the Utah Public Treasurer's Investment Fund. The Fund's fair value is equal to its carrying amount of \$9.888,795.

#### Receivables

Receivables as of year end for the City's individual major funds and non-major funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General Fund	Water and Sewer Utility Enterprise Fund	Non-Major Funds	Total
Taxes	\$2,094,400	\$ -	\$ -	\$2,094,400
Ambulance	611,043	•	•	611.043
Utilities	-	844,199.	<b>5</b> 2.3 <i>77</i>	896.576
Special assessments	18,347	· •	-	18,347
Intergovernmental	76 <b>,97</b> 6	-	-	76.976
Other	71,867	-	-	71,867
Gross receivables	2,872,633	844,199	52,377	3,769,209
Less: allowance for			,-,	01. 05,205
uncollectible accounts	(370,857)	(35,656)	(2,095)	(408,608)
Net total receivables	<b>\$2,501,776</b>	\$808,543	\$50,282	\$3,360,601

Governmental funds report *deferred revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of *deferred revenue* and *unearned revenue* reported in the governmental funds were as follows:

	Unavailable	Unearned
Property taxes levied not yet due	\$1,960,460	\$ -
Property taxes received not yet due		252,255
	\$1,960,460	\$252,255

## Inter-fund Receivables, Payables, and Transfers

The composition of inter-fund balances as of June 30, 2005, is as follows:

Advances to/from other funds:

Receivable Fund Payable Fund		Amount	
Water and sewer utility enterprise	General	\$550 <b>,0</b> 00	
Inter-fund transfers:			
Transfer In	Transfer Out	Amount	
Capital improvements plan – capital projects fund	General	<b>\$</b> 555 <b>,69</b> 6	

### Capital Assets

Capital asset activity for the year ended June 30, 2005 was as follows:

	Beginning			E <b>nd</b> ing
Governmental Activities:	Balance	Increases	Decreases	Balance
Capital assets not being depreciated:				
Land	\$2,984,829	\$ 238, <b>90</b> 6	\$ -	\$3,223,735
Construction in progress	1,644,430	666, <b>708</b>	(738,876)	1,572,262
Total capital assets not being depreciated	4,629,259	905,614	(738,876)	4,795,997
Capital assets being depreciated:		•		
Buildings	5,707,064	1,018	<del>-</del>	5,708,082
Improvements other than buildings	20,675,592	1,179, <b>489</b>	(13,461)	21,841,620
Machinery and equipment	<b>3,224,928</b>	237,101	(10,545)	3,451,484
Automobiles and trucks	4,313,916	429,313	(37,823)	4,705,406
Total capital assets being depreciated	33,921,500	1,846,921	(61,829)	35,706,592
Less accumulated depreciation for:	,			
Buildings	(2,371,541)	(148,095)	•	(2,519,636)
Improvements other than buildings	(2,888,846)	(798,018)	9	(3,686,855)
Machinery and equipment	(1,929,891)	(327,404)	<b>9.6</b> 45	(2,247,650)
Automobiles and trucks	(3,155,680)	(488,735)	37,730	(3,606,685)
Total accumulated depreciation	(10,345,958)	(1,762,252)	47,384	(12,060,826)
Total capital assets being depreciated, net	23,575,542	84,669	(14.445)	2 <b>3,</b> 645,766
Governmental activities capital assets, net	\$28,204,801	\$ 990,283	(\$753,321)	\$28,441,763

Business-type Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 8,865	<b>\$</b> -	\$ -	\$ 8.865
Construction in progress	737,378	633,606	(11.089)	1,359,895
Total capital assets not being depreciated	746,243	633,606	(11,089)	1,368,760
Capital assets being depreciated:				
Buildings	9.305	34	_	0.220
Improvements other than buildings	18,542,419	71,101	-	9,339
Machinery and equipment	564.859	28.836	-	18.613,520
Automobiles and trucks	478,749	167.860	(35,694)	593,695
Total capital assets being depreciated	19,595,332	267,831	(35,694)	610,915 19, <b>827</b> ,469
Less accumulated depreciation for:			(33,051)	17,827,409
Buildings	(718)	( 222)		
Improvements other than buildings	(5,772,132)	(233)	-	( 951)
Machinery and equipment		(368,401)	•	(6,1 <b>40,</b> 533)
Automobiles and trucks	(294,338)	(82,993)	-	(3 <i>77</i> ,331)
Total accumulated depreciation	(326,612)	(69,378)	35,694	(360,296)
Total accumulated depreciation	(6,393,800)	(521,005)	35,694	(6,879,111)
Total capital assets being depreciated, net	13,201,532	(253,174)		12,948,358
Business-type activities capital assets, net	\$13,947,775	\$ 380,432	(\$11,089)	\$14,317,118

Depreciation was charged to functions/programs of the primary government as follows:

General government	\$ 217,050
Public safety	
Public works, including depreciation of general infrastructure	390,127
Assets	6 <b>76</b> ,165
Parks and recreation	478,910
Total depreciation expense – governmental activities	\$1,762,252
Business-type activities:	

Water and sewer utility enterprise Storm water utility enterprise	\$ 496,376 24,629
Total depreciation expense – business-type activities	\$ 521,005

### Operating Lease

Governmental activities:

The City leases a backhoe under a noncancelable operating lease. The total cost of the lease was \$6,000 for the year ended June 30, 2005. Future minimum lease payments for the years ending June 30, 2006 and 2007 are \$6,000.

\$ 521,005

## Notes to the Financial Statements, Continued June 30, 2005

#### **Construction Commitments**

The City has active construction projects as of June 30, 2005. The projects include street construction in areas with newly developed housing, widening and construction of existing streets and sidewalks, infrastructure improvements, and additions to parks and recreational facilities. At year-end the City's commitments with contractors are as follows:

#### Project:

Residential roadway, curb, gutter, and sidewalk construction	\$349,411
Storm water drain and facility construction	53,898
Parks and recreational facilities construction	556,452
Total	\$959,761

#### Long-term Debt

#### Notes Payable

In March 2002, the City purchased 17.21 acres of land for \$917,804. Terms of the purchase include a down payment of \$502,315 and four equal principal installments of \$103,872 beginning July 2002. Interest accrues on the unpaid balance at 6.0% per annum and is due annually. Minimum annual payments are as follows:

Year ending June 30	Interest Principal		Total Debt Service		
2006 Thereafter	<b>\$6,232</b>	5,232 \$103,872	\$110,1 <b>04</b> -		
	\$6,232	\$103,872	\$110,104		

#### <u>Bonds</u>

In November 1997, the Redevelopment Agency of Roy Utah issued \$615,000 of tax increment and annual appropriation revenue refunding bonds for the purpose of prepaying obligations under a promissory note issued by the RDA to developers of the City Centre project. The prepayment was done to restructure debt payments and to achieve a debt service savings.

The net proceeds from the sale of the Series 1997 refunding bonds of \$605,775 (\$615,000 less a purchaser's discount of \$9,225) along with \$483,621 of RDA funds were used to prepay the RDA's obligation under the note. The bonds were discounted to 98.5% of par, bear interest at a variable rate, and mature on April 1, 2008 and April 1, 2017. The interest rate on \$319,000 of the Series 1997 bonds maturing in 2008 and \$296,000 of

bonds maturing in 2017 was originally set at 5.5%. The bond agreement provides for the interest rate to be adjusted to a rate equal to 95% of the equivalent yield of the United States Treasury Bonds beginning in April 2003 and every fifth year thereafter, not to exceed 12% per annum. On April 1, 2003, the interest rate was adjusted to 2.61% through April 1, 2007.

The result of the refunding was a reduction in interest rates from 9% (imputed) on the note to 5.5% variable on the Series 1997 bonds. The refunding decreased total debt service by \$653,245 and resulted in an economic gain (the difference between the present value of the debt service payments on the old and new debt) of \$152,266.

Annual debt service requirements to maturity for the bonds are as follows:

Year ending June 30	Interest	Principal	Total Debt Service
2006 2007 2008 2009 2010 2011 – 2015 2016 – 2017	\$12,456 10,971 9,376 7,725 6,969 22,236 2,793	\$27,000 29,000 30,000 29,000 30,000 166,000 71,000	\$39,456 39,971 39,376 36,725 36,969 188,236 73,793
	\$72,526	\$382,000	\$454,526

### Changes in Long-term Debt

During the year ended June 30, 2005, the following activity occurred in liabilities reported as long-term:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities: Notes payable Bonds payable Recaptured losses Compensated absences	\$ 208,053 408,000 - 1.095,525	\$ - 127.810 	(\$104,180) (26,000) - (234,298)	\$ 103,873 382,000 127,810 1,135,955	\$103,873 27,000 32,570 100,413
Governmental activity Long-term liabilities	\$1,711,578	\$402,538	(\$364,478)	\$1,749,638	\$263,856
Business-type activities: Compensated absences	\$ 39,538	\$ 32,278	(\$ 26,561)	<b>\$</b> 45,255	\$ 7,968

# Notes to the Financial Statements, Continued June 30, 2005

Internal service funds predominantly serve the governmental funds. Accordingly long-term liabilities for them are included as part of the above totals for governmental activities. At year end \$127,810 of internal service funds recaptured losses and \$2,137 of compensated absences are included in the above amounts and are liquidated with internal service fund assets. All other governmental activities compensated absences are liquidated by the general fund.

#### 5. Other Information

#### Reservations and Designations of Fund Balances

The City is required to reserve part of its fund balance to account for certain types of revenues, expenditures, and encumbrances. The reserve balances are presented in the statement of net assets and the balance sheet of governmental funds.

Fund balance designations have been established to reflect the administration's tentative plans for the funds and are subject to change. At June 30, 2005, the City had designated fund balance as follows:

Sale of land	\$ 1,000
Traffic school	32,076
Youth court	1,773
Police forfeiture income	842
Future debt repayment	109,449
Total designated fund balance	\$145,140

#### **Employee Retirement Systems and Pension Plans**

#### Pension Plan

Plan Description. The City contributes to the Local Government Contributory Retirement System and Local Governmental Non-contributory Retirement System, Public Safety Retirement System for employers with social security coverage, and Firefighters Retirement System for employers with social security coverage which are cost-sharing multiple-employer defined benefit pension plans administered by the Utah Retirement Systems (Systems). Utah Retirement Systems provide refunds, retirement benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries in accordance with retirement statutes.

The Systems are established and governed by the respective sections of Chapter 49 of the Utah Code Annotated 1953 as amended. The Utah State Retirement Office Act in Chapter 49 provides for the administration of the Utah Retirement Systems and Plans under the direction of the Utah State Retirement Board (Board) whose members are appointed by the Governor. The Systems issue a publicly available financial report that includes statements and required supplementary information for the Local Governmental Contributory Retirement System, Local Governmental Non-contributory System, Public Safety Retirement System for employers with social security

coverage, and Firefighters Retirement System which are for employers with social security coverage. A copy of the report may be obtained by writing to the Utah Retirement Systems, 540 East 200 South, Salt Lake City, Utah 84102-2099 or by calling 1-800-365-8772.

Funding Policy. For the fiscal year 2004-2005, plan members in the Local Governmental Contributory Retirement System are required to contribute 6.00% of their annual covered salary, all of which is paid by the City for the employee, and the City is required to contribute 7.08% of the employee's annual covered salary. In the Local Governmental Non-contributory Retirement System the City is required to contribute 11.09% of the employee's annual covered salary. In the Public Safety Retirement System Non-contributory Division, the City is required to contribute 19.08% of the employee's annual salary. In the Firefighters Retirement System for employers with social security coverage plan members are required to contribute 8.61% of their annual covered salary, 1.23% of which is paid by the employee and 7.38% which is paid by the City for the employee. The contribution rates are actuarially determined. The contribution requirements of the System are authorized by statute and specified by the Board.

The City's contributions to the Local Governmental Contributory Retirement System for the years ending June 30, 2005, 2004, and 2003 were \$6,902, \$6,195, and \$5,614, respectively, and for the Non-contributory Retirement System the contributions for June 30, 2005, 2004, and 2003 were \$297,479, \$240,018, and \$204,340, respectively. City contributions for the Public Safety Non-contributory Retirement System for June 30, 2005, 2004, and 2003 were \$283,811, \$233,819, and \$185,390, respectively, and for the Firefighters Retirement System the contributions for June 30, 2005, 2004, and 2003 were \$93,492, \$83,266, and \$74,741, respectively. The contributions were equal to the required contributions for each year and were paid by the due dates or within 30 days thereafter.

### **Deferred Compensation Plan**

The City also participates in deferred compensation plans created in accordance with Internal Revenue Code Section 457 and has adopted Governmental Accounting Standards Board Statement No. 32 "Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans". As a result, the City's 457 plans are reported as trust funds of the plan administrator rather than as agency funds of the City.

#### **401A Plan**

The City provides a 401a plan for employees, which is administered by ICMA Retirement Corporation. All permanent full-time employees, excluding those enrolled in the Utah Public Safety Retirement, along with elected officials and permanent intermittent employees are eligible to participate in the plan. The City contributes 15.45% of earnings for merit participants and 17.64% for firefighters, minus the City's contribution to the Utah State Retirement System on behalf of the participant for the plan year. The contribution rate for administrative participants is 17.39%. Participants are not required to contribute to this plan but may make voluntary after tax contributions. Benefits after termination of employment are paid to individuals based on account balances in lump sum, or as periodic benefit payments, at the option of the participant.

## Notes to the Financial Statements, Continued June 30, 2005

In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. The employees are 100% vested and the City owns none of the plan assets. Total payroll for the fiscal year was \$7,035,845 and eligible payroll under this plan was \$5,762,273 for the same period. At June 30, 2005 total plan assets were \$5,357,525. Total contribution requirements were \$305,348, or 5.3% of covered payroll, and were paid by the due dates.

#### Redevelopment Agency

The Redevelopment Agency of Roy Utah consists of five project areas and does not pay tax increment to any other taxing agency. The Agency pays the City a management fee, which totaled \$167,106 for FY 2005. Financial information relating to the project areas for the fiscal year ending June 30, 2005 is as follows:

	#186 & #271	#254	#272	#383	General
Tax increment collected	\$267,253	\$374,767	\$ 56,491	\$13,800	\$ -
Outstanding debt principal	-	-	382 <b>,00</b> 0	-	-
Amount expended for:					
Improvements	227,779	265, <b>070</b>	-	6,900	307,019
Administrative costs	106,756	109,6 <b>97</b>	1,250	690	3,068
Interest	• •	-	13,886	-	•

#### Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the government carries commercial insurance. The City uses an internal service fund to account for its risk financing activities with the inter-fund premiums being treated as quasi-external transactions. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). Claim liabilities are calculated considering effects of inflation, recent claim settlement trends including frequency and amount of pay-outs and other economic and social factors. At June 30, 2005 and 2004, there were no outstanding claims or judgments that management considered necessary for accrual.

Premiums are paid into the risk management fund by other funds and are available to pay claims, claim reserves and administrative costs of programs. During the fiscal years ending June 30, 2005, 2004, and 2003, there were no reductions in insurance coverage and no settlements exceeded insurance coverage. Surplus retained earnings in the fund are intended for funding future losses and totaled \$119,235 at June 30, 2005.

### **Contingent Liabilities**

#### **Grants**

Amounts received or receivable from granting agencies are subject to audit and adjustment by grantor agencies, primarily the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial. At June 30, 2005, the City had not been informed by federal or state agencies of any grant violations.

#### Litigation and Claims

The City is currently named as a defendant in various lawsuits. While the final outcome of these lawsuits is not presently determinable, it is the opinion of the City's counsel that resolution of these matters will not have a material adverse effect on the financial condition of the City.

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### Non-major Governmental Funds

### Special Revenue Funds

Special revenue funds are used to account for specific revenues that are legally restricted to expenditures for specific purposes.

Storm Sewer Development — This fund is used to account for impact fees charged to expand and maintain the City's storm sewer system.

Park Development – This fund is used to account for the impact fees charged for the creation, expansion and maintenance of the City's parks.

Cemetery – This fund is used to account for monies held to expand and maintain the City cemetery. Funding for the cemetery fund comes from 20% of the sales price of cemetery lots.

### Capital Projects Funds

Capital projects funds are used to account for the acquisition and construction of major capital assets other than those financed by proprietary funds.

Capital Improvements Plan – This fund is used to account for the acquisition of property, and construction and expansion of facilities.

Fire and Rescue Facilities and Equipment — This fund is used to account for the purchase of major fire equipment such as ladder trucks and ambulances, and construction and expansion of facilities.

# ROY CITY CORPORATION Combining Balance Sheet Non-Major Governmental Funds june 30, 2005

	Special Revenue Funds							
	S	torm Sewer		Park				
	<u>D</u>	evelopment	D	evelopment		Cemetery		Total
ASSETS							-	
Cash	\$	481, <del>44</del> 2	\$ "	531,093	\$	102,946	\$	1,115,481
Accounts receivable		-		105,990	•	-	7	105,990
Inventory		2,574				-		2,574
Total assets	\$	484,016	\$	637,083	\$	102,946	\$	1,224,045
LIABILITIES								
Accounts payable	_\$	30,638	\$	63,340	\$	•	\$	93,978
Total liabilities		30,638		63,340				93,978
FUND BALANCES								
Reserved for encumbrances		82,000		3,760		. <u>.</u>		85,7 <b>6</b> 0
Reserved for inventory		2,574		-		_		2,574
Unreserved, undesignated		368,804		569,983		102,946		1,041,733
Total fund balances		453,378		573,743		102,946		1,130,067
Total liabilities and fund balances	\$	484,016	\$	637,083	\$	102,946	\$	1,224,045

		_	Total						
In	Capital nprovements Plan	Fire Fac	Projects Func & Rescue cilities and guipment				Non-Major Governmental Funds		
\$	610,696	\$	3, <b>78</b> 0 - -	\$	614,476 - -	\$	1,729,957 105,990 2,574		
\$	61 <b>0,6</b> 96	\$	3,780	\$	614,476	\$	1,838,521		
_\$_		_\$	· -	\$		\$_	93,978		
			<del></del>				93,978		
	-		-		-		85,760 2,574		
	61 <b>0.6</b> 96		3,780		614,476		1,656,209		
	61 <b>0,6</b> 96		3,780		614,476		1,744,543		
\$	61 <b>0,6</b> 96	\$	3,780	\$	614,476	\$	1.838.521		

# Combining Statement of Revenues, Expenditures, and Changes in Fund Balances Non-Major Governmental Funds For the Fiscal Year Ended June 30, 2005

	Special Revenue Funds							
	Storm Sewer			Park				
	De	velopment	<u>D</u>	evelopment		Cemetery		Total
Revenues:								. <del></del>
Impact fees	\$	93,533	\$	81,000	\$	-	\$	174,533
Intergovernmental - Land use grant		-		258,413		-		258,413
Investment earnings		12,405		9,858		-		22,263
Miscellaneous		52				5,928		5,980
Total revenues		105,990		349,271		5,928		461,189
Expenditures:								
Materials and supplies		19 <b>,67</b> 6		-		· _		19,676
Capital outlay		216,739		360,205				5 <b>76,</b> 944
Total expenditures		236,415		360,205		-		596,620
Excess (deficiency) of revenues								
over (under) expenditures		(130,425)		(10,934)		5,928		(135,431)
Other financing sources:								
Operating transfers in				-		-		-
Total other financing sources		•		-		-		_
Net change in fund balance		(130,425)		(10,934)		5,928		(135,431)
Fund balance - beginning of year		583,803		584,677		97,018		,265,498
Fund balance - end of year	\$	453, <b>37</b> 8	<u>\$</u>	573,743	\$	102,946	\$ !	,130,067

	(	Capital Pro	ojects Fun	ds			Total
ln	Capital  provements  Plan	Pire &	Rescue ties and	Total			Non-Major overnmental
_	FAII	EQUI	pment		1 Otal		Funds
\$	<u>-</u>	\$	•	\$	-	\$	174, <b>533</b> 258,413
	_		_		-		
	_		•		-		22,263
					<del></del>		5,980
							461,189
	-		-		-		19,676
		9	99, <b>70</b> 0		<i>99,7</i> 00		676,644
	<u>-</u>		9 <b>,70</b> 0		- 99,700		696,320
	-	(9	99 <b>,70</b> 0)		(99,700)		(235,131)
	-		7,5007		(33), 00)		(233,131)
				-			
	455,696	10	00,000		555,696		555,696
	455,696		000,00		555,696		555,696
	455,696		300		455,996		320,565
	155,000		3,480		158,480		<u>,423,978</u>
\$	610,696	\$	3,780	\$	614,476	\$ 1	,744,543

# Storm Sewer Development - Special Revenue Fund Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget to Actual For the Fiscal Year Ended June 30, 2005

	Budgeted Amounts Actual			Actual	Variance with Final Budget - Positive		
	 Original		Final		Amounts	(Negative)	
Revenues:							
Impact fees	\$ 80,000	\$	73,000	\$	93,533	\$	20,533
Investment earnings	10,000		12,500		12,405		(95)
Miscellaneous	 				52		52
Total revenues	 90,000		85,500		105,990		20,490
Expenditures:							
Materials and supplies	-		-		19,676		(19,676)
Capital outlay	 802,190		388,915		2,230		386,685
Total expenditures	 802,190		388,915		21,906		367,009
Excess (deficiency) of revenues							
over (under) expenditures	(712,190)		(303,415)		<b>8</b> 4,084	-	387,499
Fund balance - beginning of year	 287,294		287,294		287,294		
Fund balance - end of year	 (424,896)	\$	(16,121)	<u>\$</u>	371,378		387,499

# Park Development - Special Revenue Fund Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget to Actual For the Fiscal Year Ended June 30, 2005

	_	Budgete	d <b>Amo</b> u	ints	Actual			ariance with nal Budget - Positive
		Original		Pinal Pinal	Amounts		(Negative)	
Revenues:								<del></del>
Impact fees	\$	90,000	\$	77,000	\$	81,000	\$	4,000
Intergovernmental - Land use grant		150,000		228,936		258,413	•	29,477
Investment earnings		5,000		8,800		9,858		1,058
Total revenues		245,000		314,736		349,271		34,535
Expenditures:								
Capital outlay		400,000		888,831		342,183		546,648
Total expenditures		400,000		888,831		342,183		546,648
Net change in fund balance		(155,000)		(574,095)		7,088		581,183
Fund balance - beginning of year		562,895		562,895		562,895		
Fund balance - end of year	\$	407,895	\$	(11,200)	<u>\$</u>	569,983	\$	581,183

# Cemetery Fund

# Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget to Actual For the Fiscal Year Ended June 30, 2005

		Budgetee	d <b>Am</b> oui	nts	Actual	Final 1	nce with Budget - sitive
		Original		Final	 Amounts	(Ne	gative)
Revenues: Miscellaneous	\$	7,000	\$	6,000	\$ 5,928	\$	(72)
Total revenues		7,000		6,000	5,928		(72)
Net change in fund balance		7,000		6,000	5,928		(72)
Fund balance - beginning of year		97,018		97,018	97,018	•••	
Fund balance - end of year	<u>\$</u>	104,018	\$	103,018	\$ 102,946	\$	(72)

# Capital Improvement Plan - Capital Projects Fund Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget to Actual For the Fiscal Year Ended June 30, 2005

		d Amounts	Actual	Variance with Final Budget - Positive
	Original	<u>Final</u>	Amounts	(Negative)
Other financing sources: Operating transfers in	\$ -	\$ 455,696	\$ 455,696	\$ -
Total other financing sources	•	455,696	455,696	· · ·
Net change in fund balance	-	455,696	455,696	-
Fund balance - beginning of year	155,000	155,000	155,000	
Fund balance - end of year	\$ 155,000	\$ 610,696	\$ 610,696	\$ -

# Fire and Rescue Facilities and Equipment - Capital Projects Fund Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget to Actual For the Fiscal Year Ended June 30, 2005

	Budget	ed Amounts	Actual	Variance with Final Budget - Positive
	Original	Final	Amounts	(Negative)
Expenditures:				
Capital outlay	\$ -	\$ 100,000	\$ 99,700	<b>\$</b> 300
Total expenditures		100,000	99,700	300
Deficiency of expenditures				
over revenues	<u> </u>	(100,000)	(99,700)	300
Other financing sources:				
Operating transfers in		100,000	100,000	
Total other financing sources		000,000	100,000	-
Net change in fund balance	-	-	300	300
Fund balance - beginning of year	3,480	3,480	3,480	-
Fund balance - end of year	\$ 3,480	\$ 3,480	\$ 3,780	\$ 300

### **Internal Service Funds**

Internal service funds are used to account for the financing of goods or services provided by one department to other departments of the City on a cost reimbursement basis.

Information Technology — This fund is used to account for the accumulation and allocation of costs associated with the electronic data processing. It provides service to all governmental and proprietary funds and is financed by charges made to the other funds.

Risk Management - This fund is used to account for the costs of insurance premiums and claims made against the City. Monies are accumulated in this fund to pay premiums for liability and property damage insurance and other claims. The City participates in the Utah Risk Management Mutual Association for its liability and property damage insurance. Insurance for facilities, equipment and vehicles is purchased from private insurers. The fund is financed by charges made to the general and proprietary funds.

# ROY CITY CORPORATION Internal Service Funds Combining Statement of Net Assets June 30, 2005

	Information	Risk	
	Technology	Management	Total
ASSETS	-		
Current assets:			
Cash	\$ 198,372	\$ 127,620	\$ 325,992
Prepaids	3,032	1,008	4,040
Total current assets	201,404	128,628	330,032
Noncurrent assets:			
Capital assets:			
Computer hardware	363,59 <i>7</i>	_	262 507
Software	164,643		36 <b>3,5</b> 97 164,643
Less accumulated depreciation	(326,303)	-	(326,303)
Total capital assets net of accumulated deprin	201,937	-	201,937
Total assets	403,341	128,628	531,969
LIABILITIES	_		-
Current liabilities:			
Accounts payable	5,600	9,393	14.002
Accrued wages	2,192	7,373	14 <b>,993</b> 2,192
Compensated absences	2,137	•	2,137
Total current liabilities	9,929	9,393	19,322
Total liabilities	9,929	9,393	19,322
NET ASSETS			17,322
Invested in capital assets	201,937		***
Unrestricted	191,475	110.225	201,937
Total net assets	\$ 393,412	119,235 \$ 119,235	\$ 512,647

## Internal Service Funds

# Combining Statement of Revenues, Expenses, and Changes in Net Assets For the Fiscal Year Ended June 30, 2005

	Information Technology	Risk Management	Total	
Operating revenue:				
Charges for services	\$ 144,934	\$ 246,398	\$ 391,332	
Total operating revenue	[44,934	246,398	391,332	
Operating expenses:				
Personnel services	52,286	-	52,286	
Contractual services	15,373	-	15,373	
Materials and supplies	25,218	4,205	<b>29,4</b> 23	
Insurance	-	143,996	143,996	
Other general costs of services	403	68,230	68,633	
Depreciation	54,201	-	54,201	
Total operating expenses	147,481	216,431	363,912	
Operating income (loss)	(2,547)	29,967	27,420	
Total net assets - beginning	395,959	89,268	485,227	
Total net assets - ending	\$ 393,412	\$ 119,235	\$ 512,647	

# Internal Service Funds

# Combining Statement of Cash Flows For the Fiscal Year Ended June 30, 2005

	Information	Risk	
	Technology	Management	Total
Cash flows from operating activities:			
Cash received from quasi-external activities	\$ 145,004	\$ 246,398	\$ 391,402
Payments to suppliers	(49,386)	(211,293)	(260,679)
Payments to employees	(50,696)		(50,696)
Net cash provided by operating activities	44,922	35,105	80,027
Cash flows from capital and related financing activities:			
Purchase of capital assets	(114,217)	-	(114,217)
Net cash used in capital and related financing			
activities	(114,217)		(114,217)
Net increase (decrease) in cash	(69,295)	35,105	(34,190)
Cash - beginning of year	267,667	92.515	360,182
Cash - end of year	<b>\$</b> 198,372	\$ 127,620	\$ 325,992
Reconciliation of operating income (loss) to			
net cash provided by operating activities:	-	-	
Operating income (loss)	<b>\$</b> (2,547)	\$ 29, <b>967</b>	\$ 27.420
Adjustments to reconcile operating income to	(2,0 1,7)	27,707	\$ 27,420
net cash provided by operating activities:			
Depreciation	54,201	-	54,201
(Increase) decrease in accounts receivable	70		70
(Increase) decrease in prepaid items	(3,032)	(1,008)	(4,040)
Increase (decrease) in accounts payable	(5,360)	6,146	786
Increase (decrease in accrued wages	250	-	250
Increase (decrease) in compensated absences	1,340		1,340
Total adjustments	47,469	5,138	52,607
Net cash provided by operating activities	\$ 44,922	\$ 35,105	\$ 80,027
Non-cash investing, capital, and financing activities:	-		
Purchase of equipment on account	\$ 3,879	<u> </u>	<b>\$</b> 3, <b>87</b> 9
			94

# CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS

# Capital Assets Used in the Operation of Governmental Funds Comparative Schedules By Source June 30, 2003 and 2004

	2005	2004
Governmental funds capital assets:		<del></del>
Land	\$ 3,223,735	\$ 2, <b>98</b> 4,829
Buildings	5, <b>7</b> 08,083	5,708,083
Improvements other than buildings	22,401,828	20,742,372
Machinery and equipment	3,024,558	2,822,529
Vehicles	4,705,410	4,313,918
Construction in progress	1,921,823	2,142,609
Total governmental funds capital assets	\$ 40,985,437	\$ 38,714,340
Investments in governmental funds capital assets	_	<del></del>
by source:		
General fund	\$ 24,033,008	\$ 23,011,045
Capital projects fund	8,138,347	8,038,647
Special revenue funds	4,565,819	3,416,385
Donations	4,248,263	4,248,263
Total governmental funds capital assets	\$ 40,985,437	\$ 38,714,340

This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.

# Capital Assets Used in the Operation of Governmental Funds Schedule By Function and Activity June 30, 2005

Function and Activity	Land	Buildings	improvements other than Buildings	Machinery and Equipment	Vehicles	Construction in Progress	Total
General government:							
Legislative	\$ 599,981	\$ 1,799	\$ 1,785	<b>\$</b> 47,888	\$ 10,184	\$ -	\$ 661,637
Legal & risk management	-	-	-	6,748	-	-	6,748
Justice court	-	-	-	12,2 <b>0</b> 6	-	-	12,206
Community & economic dev.	-	-	-	19 <b>,82</b> 5	19,500	-	39,325
Management services	-	-	-	31 <b>,78</b> 8	-	-	31,788
Public buildings	-	3,071,000	121,383	313,330	129,916	-	3,635,629
Redevelopment agency		920	176,825	18,27!		-	<b>196</b> ,016
Total general government	599,981	3,073,719	299,993	450,056	159,600		4,583,349
Public safety:							
Animal control	-	-	-	-	39,635	-	39,635
Fire	69,417	910,884	2,013	426,192	1,179,888	• _	2,588,394
Police			<i>7</i> .739	559,451	1,174,194	-	1,741,384
Total public safety	69.417	910,884	9,752	985,643	2,393,717	-	4,369,413
Public works:							
Administration	-	-	14,097	24,077	5,820	_	43,994
Class "C" roads	165,000	227,426	6,082,390	130,880	1,195,500	621,375	8,422,571
Shop	-	-	-	62,118	60,395		122,513
Streets	332,021	2,406	<b>8.</b> 179.553	815,757	440,824	1,178,664	10,949,225
Total public works	497,021	229,832	14,276,040	1,032,832	1,702,539	1,800,039	19,538,303
arks and recreation:							
Aquatic center	853,836	-	<b>4,</b> 457,171	115,868	-	1,431	5,4 <b>28,</b> 306
Beautification	-	-		11,665	-	-	11,665
Parks	1,203,480	174,931	3,285,054	193, <del>44</del> 1	331,009	120,353	5,308,268
Recreation	-	456,011	20,522	176,445	103,503	-	756,481
Recreation complex		862,706	53,296	58,608	15,042		989,652
Total parks and recreation	2,057,316	1,493,648	7,816,043	556,027	449.554	121,784	12,494,372
Total governmental funds							
capital assets	\$3,223,735	\$5,708,083	\$22,401,828	\$3,024,558	\$4,705,410	\$1,921,823	\$40,985,437

his schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.

# Capital Assets Used in the Operation of Governmental Funds Schedule of Changes By Function and Activity For the Fiscal Year Ended June 30, 2005

Function and Activity	Governmental Funds Capital Assets					C	Governmental Funds Capital Assets
	July 1, 2004		dditions	_	Deletions	<u> </u>	ine 30, 2005
General government:							
Legislative	\$ 658,763	\$	2,874	\$	-	\$	661,637
Legal & risk management	6,748		-		-		<b>6,7</b> 48
Justice court	6,331		5,8 <b>75</b>		-		12,206
Community & economic dev.	22,117		17,208		-		<b>39,32</b> 5
Management services	29,280		2,508		-		31,788
Public buildings	3,631,269		4,360		-		3,635,629
Redevelopment agency	196,016		-				196,016
Total general government	4,550,524		32,825				4,583,349
Public safety:							
Animal control	39,635		_		_		39,635
Fire	2,354,833		237,595		4,034		2,5 <b>88,</b> 394
Police	1,716,623		47,395		22,634		1,741,384
Total public safety	4,111,091		284,990		26,668		4,369,413
Public works:		-	•				
<b>Administration</b>	44,142		, <b>-</b>		148		43,994
Class "C" roads	7,896,813		527,258		1,500		8,422,571
Shop	117,431		5,082		.,		122,513
Streets	10,729,184		221,541		1,500		10,949,225
Total public works	18,787,570		753,881		3,148		19,538,303
Parks and recreation:							
Aquatic center	5,187,969		240,337		_		5,428,306
Beautification	11,665		_ 10,00,		_		11,665
Parks	4,351,870		971,440		15,042		5,308,268
Recreation	756,481		-		15,012		756,481
Recreation complex	957,170		32,482		_		989,652
Total parks and recreation	11,265,155		,244,259		15,042		12,494,372
Total governmental funds							
capital assets	\$ 38,714,340	\$ 2	2,315,955	\$	44,858	\$ -	40,985,437

This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.

### STATISTICAL SECTION

This part of Roy City Corporation's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

Contents	Page
FINANCIAL TRENDS  These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	90
REVENUE CAPACITY  These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	100
DEBT CAPACITY  These schedules present information to help the reader assess the affordability of the City's  current levels of outstanding debt and the City's ability to issue additional debt in the future.	106
DEMOGRAPHICS AND ECONOMIC INFORMATION  These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	110
OPERATING INFORMATION  These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the government provides and the activities it performs.	112

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

# ROY CITY CORPORATION GOVERNMENT-WIDE EXPENSES BY FUNCTION Last Three Fiscal Years

Fiscal Year	General Government	Public Safety	Highways and Streets	Parks and Recreation	Interest and Fiscal Charges	Water Utility	Storm Sewer Utility	Total
2 <b>004-</b> 05	\$ 2,551,374	\$ 6,102,834	\$ 2,609,811	\$ 2,108,559	\$ 27,601	\$ 4,570,564	\$ 156,148	\$ 18,126,891
2003-04	2,341,597	5,956,373	1,917,323	1,980,840	35, <b>15</b> 3	4,435,633	108,650	16,775,569
2 <b>002-</b> 03	2, <b>67</b> 3,99 <b>0</b>	<b>5,64</b> 9,611	2,291, <b>49</b> 2	1,766,306	52 <b>,68</b> 2	4,222,921	108,314	16,765,316

### Note:

The computation of government-wide expenses began in FY 2003 with the implementation of GASB 34. Comparative information prior to that time is not available.

# ROY CITY CORPORATION GOVERNMENT-WIDE REVENUES Last Three Fiscal Years

Fiscal Year	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Taxes	Unrestricted Investment Earnings	Miscellaneous	Total
2004-05	\$ 8,625,415	\$ 1,152,072	\$ 623,329	\$ 8,852,773	\$ 264,234	\$ 47,903	<b>\$</b> 19,565, <b>7</b> 26
<b>20</b> 03-04	8,326,582	1,55 <b>1.5</b> 57	2,535,161	7,604,322	166,847	40,960	20,225,429
2002-03	<b>8,9</b> 57,904	41 <b>8,0</b> 96	4,745,797	7,446,276	291,928	71,425	21,931,426

### Note:

The computation of government-wide revenues began in FY 2003 with the implementation of GASB 34. Comparative information prior to that time is not available.

# ROY CITY CORPORATION GENERAL GOVERNMENTAL EXPENDITURES (Budget Basis) AND OTHER USES BY FUNCTION Last Ten Fiscal Years

Total	\$ 13,209,235 13,022,020 12,860,950 11,314,918 11,630,997 10,973,050 8,363,915 9,140,473 8,631,981 6,598,997
Other Financing Uses	\$ 555,696 321,462 971,186 986,887 1,248,758 1,299,100 219,144 480,399 917,217 2,150
Debt Service	\$ 116,337 122,570 - - 30,375 96,652 96,652 135,117
Capital Outlay	\$ 1,332,259 1,766,285 1,870,325 873,622 1,736,290 1,512,543 1,081,393
Parks and Recreation	\$ 1,925,333 1,805,393 1,591,269 1,091,207 1,016,115 915,853 822,698 774,850 736,743
Highways and Streets	\$ 2,490,537 2,628,713 2,645,894 1,301,717 1,114,283 996,369 913,629 1,026,686 823,224 725,827
Public Safety	\$ 5.902.467 5.954,467 5.559,930 4.656.523 4,418,677 4,263.988 3,919,521 3,613.516 3.156,021 2,801,589
Government	\$ 2,218,865 2,189,415 2,092,671 1,946,325 2,066,879 1,627,415 1,584,926 1,412,080 1,389,581 1,115,600
Pscal	2004-05 2003-04 2002-03 2001-02 2000-01 1999-00 1998-99 1996-97

# Votes:

General government is limited to the City's general fund.

In FY '97, '98, and '00-'04, other financing uses included transfers to the Capital Projects Fund for construction of capital assets. Beginning in FY '03, capital outlay expenditures are included under the function for which they were acquired.

# ROY CITY CORPORATION GENERAL GOVERNMENTAL REVENUES AND OTHER FINANCING SOURCES Last Ten Fiscal Years

FISCAL YEAR	TAXES	LICENSES AND PERMITS	INTERGOV- ERNMENTAL	CHARGES FOR SERVICES	FINES AND FORFEITURES	INTEREST AND MISC	OTHER FINANCING SOURCES	TOTAL
2004-05	\$ 8,140,462	\$ 348,808	\$ 1,478,565	\$ 2,679,867	\$ 574,018	\$ 424,430	\$ 13,524	\$ 13,659,674
2003-04	7,733,389	365,335	1,523,144	2,470,809	382, <del>4</del> 95	329,080	156 <b>,96</b> 6	12,961,218
2 <b>002-</b> 03	7,229,285	443,752	1,496,518	1,916,586	171,388	404,048	530,853	12,192,430
2 <b>001-</b> 02	7,336,395	331,633	1,245,595	1,593,475	<b>87,99</b> 0	539 <b>,7</b> 67	-	11,134,855
2000-01	6,921,261	378,449	1,291,508	1,482,737	76,655	826,685	24 <b>,87</b> 6	11,002,171
1 <b>999-</b> 00	6,507,010	523,349	1,486,572	1,337,608	<b>79,76</b> 3	1,050,499	-	10, <b>984</b> ,801
1 <b>998-</b> 99	5,850,000	447,602	1,249,353	1,326,636	78,962	66 <b>7,3</b> 31	-	9,619,884
1 <b>997</b> -98	5.419,308	421,465	1,108,200	1,343,353	73,429	653,290	42,750	9, <b>061</b> ,795
1 <b>996-</b> 97	5 <b>,19</b> 3,91 <b>3</b>	408,881	729,729	1,11 <b>7,0</b> 68	<i>7</i> 4,946	812,414	-	8,336,951
1 <b>995</b> -96	4,849,132	371,353	742,662	975.884	93.407	540,619	-	7,573,057

### Note:

General government is limited to the City's general fund.

# ROY CITY CORPORATION CHANGES IN NET ASSETS

# Last Three Fiscal Years

(Amounts Expressed in Thousands)

Page 1 of 2

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			1	Fiscal Year		
		2005		2004		2003
Expenses	•			<u> </u>		
Governmental activities:						
General government	\$	2,551	\$	2,342	\$	2,674
Public safety		6,103	•	5,956	4	5,650
Public works		2,610		1,917		2,291
Parks and recreation		2,108		1,981		1,766
Interest and fiscal charges		28		35		53
Total governmental activities expenses		13,400		12,231		12,434
Business-type activities:	<del> </del>			<del></del>		
Water and sewer utility		4 <b>,57</b> 1		4,436		4,223
Storm sewer utility		156		1,138		108
Total business-type activities expenses	<del></del>	4,727	-	4,544		4,331
Total primary government expenses	\$	18,127	\$	16,775	\$	16,765
Program Revenues						
Governmental activities:						
Charges for services:					-	
General government	. \$	027				
Public safety	. э	927	\$	746	\$	659
Public works		1,149 193		825		695
Parks and recreation		946		166		1,296
Operating grants and contributions		1,152		1,156		823
Capital grants and contributions	•	585		1,552		418
Total governmental activities program revenues		4,952		5,929		3,198
Business-type activities:		1,752		3,727		7,089
Charges for services:						
Water and sewer utility						
Storm sewer utility		5,061		5,090		5,148
Capital grants and contributions		349		343		337
	<del></del>	38		1,051		1,548
Total business-type activities program revenues		5,448		6,484		7,033
Total primary government program revenues	\$	10,400	\$	12,413	_\$_	14,122

### **CHANGES IN NET ASSETS**

### Last Three Fiscal Years

# (Amounts Expressed in Thousands)

Page 2 of 2

		Fis	scal Year	
	 2005		2004	 2003
Net (expense)/revenue:				
Governmental activities	\$ (8,448)	\$	(6,302)	\$ (5,345)
Business-type activities	 <b>72</b> I		1,940	 2,702
Total primary government net expense	\$ (7,727)	\$	(4,362)	\$ (2,643)
General Revenues and Other Changes in				
Net Assets				
Governmental activities:				
Taxes				
Property taxes	\$ 2,620	\$	2,007	\$ 2,266
Sales taxes	3,467		3,282	<b>3,08</b> 3
Franchise taxes	2,365		1,931	1,718
Payments in lieu of taxes	401		. 385 _	 <b>37</b> 9
Unrestricted investment earnings	264		167	274
Other revenues not restricted to specific programs	48		41	<i>7</i> !
Transfers	 562		528	 536
Total governmental activities	 9,727		8,341	 8,327
Business-type activities:				
Other revenues not restricted to specific programs	1 <b>7</b> 2		-	-
Unrestricted investment earnings	-		-	18
Transfers	 (562)		(52 <b>8)</b>	(536)
Total business-type activities	 (390)		(528)	 <b>(</b> 518)
Total primary government	\$ 9,337	\$	7,813	\$ 7,809
Change in Net Assets				
Governmental activities	\$ 1,279	\$	2,039	\$ <b>2,98</b> 2
Business-type activities	 331		1,412	 2,184
Total primary government	\$ 1,610	\$	3,451	\$ 5,166

# ROY CITY CORPORATION NET ASSETS BY COMPONENT

## Last Three Fiscal Years

(Amounts Expressed in Thousands)

	 	F	iscal Year		
	 2005		2004		2003
Governmental activities					
Invested in capital assets, net of related debt	\$ 28,338	\$	27,997	\$	24,833
Restricted	3,009		2,921	,	2,695
Designated	145		109		24
Unrestricted	3,650		2,836		4,272
Total governmental activities net assets	\$ 35,142	\$	33,863	\$	31,824
Business-type activities			-		
Invested in capital assets, net of related debt	\$ 14,317	\$	13,948	\$	13,052
Restricted		•	-	*	13,032
Designated	-		-		_
Unrestricted	4,967		5,005		4,489
Total business-type activities net assets	\$ 19, <b>28</b> 4	\$	18,953	\$	17,541
Primary government					•
Invested in capital assets, net of related debt	\$ 42,655	\$	41,945	\$	37,886
Restricted	3,009	•	2,921	*	2,695
Designated	145		109		2.073
Unrestricted	8,617		7,841		8,761
Total primary government net assets	\$ 54,426	\$	52,816	\$	49,366

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# ROY CITY CORPORATION FUND BALANCES OF GOVERNMENTAL FUNDS Last Ten Fiscal Years (Amounts Expressed in Thousands)

								Fiscal Year	ícar							
	2005	2004		2003	7	2002	2001	0	2000	6661		1998	-	1997	61	1996
General fund																
Reserved	\$ 1,243	\$ 1,243 \$ 1,639	<b>∽</b>	1,751	<b>∽</b>	1,598	∽	1,758	\$ 2,059	\$ 2,156	₩	2,197	•	1,544	<del>√</del>	1,647
Designated, unreserved	36	12		24		81		10	69	71		20		82	-/-	99
Unreserved	3,018	2,293		2,327		2,805	7	2,860	3,177	3,083		2,294		2,584	m	3,075
Total general fund	\$ 4,297	\$ 3,944	<del> </del>	4,102	<b>∽</b>	4,421	\$	4,628	\$ 5,305	\$ 5,310	<del>-                                   </del>	4,561	<b>∽</b>	\$ 4,210	₩	4,788
	·		 								<b> </b>    2				<u> </u> 	
Ali other governmental funds											٠					
Reserved	\$ 1,766	\$ 1,766 \$ 1,282	<b>∽</b>	1,345	<b>∽</b>	964	<b>-</b>	1,280	\$ 1,196	\$ 1,079	❤	1,123	<del>-</del> ∽	1.270	₩	55
Designated, unreserved	601	26		1				•	•	1		•		•		•
Unreserved, reported in:							•									
Special revenue funds	1,288	1,521		2,564		3,738	m	3,153	2,801	2,012		109		368		376
Capital projects funds	614	158	_	(12)		2,228	2	2,207	1,147	396		1,207		1/8		21
Total all other governmental funds	\$ 3,777	\$ 3,058	<b>∽</b>	3,897	<b>∽</b>	6,930	\$	6,640	\$ 5,144	\$ 3,487	∽	2,931	~	2,509	<b>∽</b>	452

# ROY CITY CORPORATION CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS Last Ten Fiscal Years (Amounts Expressed in Thousands)

					Psca	Pscal Year				
I	2002	2004	2003	2002	2001	2000	6661	1998	1907	2007
<b>Revenues</b>										1330
Taxes	\$ 8,451	\$ 7,507	\$ 7.342	\$ 7.889	\$ 7437	7 7 7 3	•			
Payments in lieu of taxes	401	385	379		\CI \.\	670,1	\$ 6,767	<b>5</b> 6,443	\$ 5,823	\$ 5,440
Licenses and permits	349	365	444	337	378	<b>'</b>	' '	' ;	•	1
Intergovernmental	1,737	1.648	1 497	1 246	1 202	323	448	421	409	371
Charges for services	2.680	2 471	1 922	503	767'1	1,48/	1,249	1,108	730	743
Impact fees	327	203	2761	5,55	1,483	1,338	1,327	1,343	1,117	926
Fines and forfeitures	574	283	110	310	461	1.018	768	895	201	434
Investment earnings	264	706	171	<b>&amp;</b>	14	80	<u>7</u>	73	75	93
Property, rental	[2]	<u> </u>	¥/7	•	1	•	•	•	•	1
Management fee	291	121	351	1	t	•	•	ļ	1	1
Miscellaneous	-	36	37	' (	•		•	ı	1	ı
	5	3	2	634	1,228	1,045	804	773	842	1,124
Total revenues	14,846	13,340	12,653	12,098	12,356	12,516	11,644	11.056	9 497	181 6
Expenditures										7,101
General government	2,487	2,461	2,437	1.946	2.067	1 639	202	-	•	:
Public safety	5,872	5,954	5.560	4.657	4 4 19	1364	6/6,1	1,456	1,355	1,105
Public works	2,635	2.736	2,297	1301	011	F02,F	616,6	3,614	3,157	2,761
Parks and recreation	1,912	1.802	1 592	100	91-1	5,0,1	1,108	902	823	718
Community development	•	1	777.	- 6:	910,1	916	823	775	737	722
Debt service:		1	•	<u> </u>	128	<b>4</b>	157	663	337	103
Principal retirement	130	128	130	25	328	07	7	-	( )	,
Interest and fiscal charges	28	35	53	i &	107	\$ I	± 6	1,648	3/2	525
Capital outlay	724	1.241	4.613	2 841	7 363	6100	73	891	93	178
				7,011	2,333	2,738	2,633	1,605	1,923	2,145
i otai expenditures	13,788	14,357	16,682	12,060	11,536	11,086	10,442	10,811	8,797	8,257

					Fisca	Fiscal Year				
	2005	2004	2003	2002	2001	2000	6661	8661	1997	1996
Excess of revenues over (under) expenditures	1,058	(1.017)	(4,029)	38	820	1,430	1.202	245	700	924
Other financing sources (uses)										
Sale of capital assets	4	22	9	44	25	245	901	ı	1	1
Proceeds from issuance of refunding bond	•	ı	•	1	,	1	1	909	,	009
Proceeds from issuance of										
notes payable	,	1	1	1	•	1	ı	t	,	200
Forgiveness of debt	•	•	ı		1	i	•	(80)	•	•
Payment to refunded bond										
escrow agent	•	•	1	•	•	ı	•	•	,	(800)
Contribution from other										
governmental unit	•	•	23	•	ı	ı	•	•	•	•
Residual equity transfer from										
risk management fund	•	•	525	1	1	ı	ı	1	•	ı
Operating transfers in	256	444	2,344	987	1,224	1,485	640	443	216	i
Operating transfers out	(556)	(444)	(2,344)	(987)	(1,249)	(1,510)	(640)	(443)	(917)	(2)
Total other financing										
sources (uses)	4	22	584	44		220	901	526	,	298
Net change in fund balances	\$ 1.072	\$ (995)	\$ (3.445)	\$ 82	\$ 820	\$ 1,650	\$ 1,308	\$ 771	\$ 700	\$ 1,222
Debt service as a percentage of noncapital expenditures	1.2%	1.2%	1.5%	1.1%	4.7%	2.6%	2.7%	<b>%</b> 2′61	6.8%	11.5%

# ROY CITY CORPORATION GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE

# Last Ten Fiscal Years

# (Amounts Expressed in Thousands)

Fiscal Year	P	roperty Tax	 Sales Tax	F	ranchise Tax	amedic Fees	. V	Motor ehicle Fees		Total
2005	\$	2,620	\$ 3,467	\$	2,077	\$ 287	\$	401	\$	8,852
2004		2,007	3,283		1,931	287		385	•	7,893
2003		2,266	3,083	-1	1,718	275		379		7,721
2002		2,275	3,371		1,589	257		39 <i>7</i>		7,889
2001		2,212	3 <b>,07</b> 5		1,549	257		343		7,436
2000		2,143	2,940		1,319	257		366		7,025
1999		2,452	2,732		1,134	279		372		6.969
1998	•	2,281	2,574		1.009	257		321		6,442
1997		1.780	2,516		955	25 <b>7</b>		314		5,822
1996	•	1,754	2,313		<b>8</b> 66	252		287		5,472

# ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY Last Ten Fiscal Years (Amounts Expressed in Thousands)

Assessed	Value as a	Percentage of	Actual Value	60.77%	60.89%	60.85%	61.12%	55.57%	62.89%	62.75%	62.70%	61.04%	62.10%
		Taxable		,									
Total	Direct	City	Tax Rate	2.144	2.080	2.065	2.060	2.225	2.465	2.438	2.408	2.554	2.809
Total	Taxable	Assessed	Value	\$ 937,367	924,569	904,167	884,248	805,941	703,305	639,445	600,953	506,738	441,523
		Increment	1										
Roy City	Taxable	Property	Value	\$ 884,584	912,484	865,787	833,395	774,267	665,662	554,211	524,696	461,906	406,908
	Centrally	Assessed	Property	\$ 24,379	24,913	25,269	24,409						
	Property	,	Other	\$ 34,751	37,821	37,918	44,787						
	Personal Property	Mobile	Homes	\$ 6,275	6,523	6.951	7,973						
	operty	;	Bullding	\$ 653,538	641,116	626,795	605,703						
	Real Property	Real	Estate	\$ 218,424	214,196	207,234	201,376						
		Pscal	Ž	2002	2004	2003	2002	2001	2000	6661	1998	1997	9661

Source: Weber County Auditor/Clerk's office & Weber County Treasurer's office

Notes

Taxable property value is based on the calendar year ending six months before the fiscal year ends.

Beginning in 2002, the City began reporting property values based on classification. Classification information on prior years was not available.

Total property value is excluding fee-in-lieu.

ROY CITY CORPORATION
PROPERTY VALUE, CONSTRUCTION, AND BANK DEPOSITS
Last Ten Calendar Years
(Dollar Values Expressed in Thousands)

	Denosits	C   1 950	915 11	11.584	15,619	14.959	15,226	13,931	12,215	12,025	10,172
her	Value	251 \$ 1597	260	273	375	5,148	849	1,353	1,950	33	443
Other	Units	251	194	195	134	254	<u>1</u>	128	128	47	62
Commercial	Value	35 \$ 3.972	3,608	1,695	4,458	2,555	5,847	7,572	2,238	3,869	6,046
Comin	Units	35	46	52	48	S	28	21	25	43	76
Residential Sonstruction	Value	163 \$ 13,844	14,204	21,353	27,720	38,878	44,717	42,550	43,105	41,990	30,551
Resi	Units	163	188	799	361	429	574	220	191	483	469
	Total	\$ 871,963	855,313	834,029	807.078						
Faxable Value	Other	\$ 1,529	1,296	1,492	1,603						
Real Property Taxable Value	Residential	\$ 740,807	730,711	719,173	701,005						
	Commercial	\$ 129,627	123,306	113,364	104,4/0						
	Year	2004	2003	7007	1007	0007	1998	1997	7001	1995	

Source: Weber County Auditor/Clerk's office, Weber County Treasurer's office, and Roy City's Community and Economic Development department.

Taxable property value, construction units and construction values are based on the calendar year ending six months before the fiscal year ends.

# ROY CITY CORPORATION PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS Last Ten Rscal Years Per \$1000 Assessed Valuation

Total Levy for Roy Clty Residents	13.245	12.936	12.778	12.653	13.233	13.760	12.942	13.389	14.125	15.579
Roy Water Conservancy Subdistrict	0.120	0.116	0.115	0.115	0.125	0.138	0.137	0.134	0.142	0.156
Weber County Mosquito Abatement District						0.125				
North Davis W County Scwer District	0.763	0.763	0.763	0.763	0.763	0.732	0.708	0.680	0.700	0.548
Weber Basin Water Conservancy District	0.198									
Weber County School District	6.245	6.061	5.902	5.764	5.790	5.930	6.032	6.047	6.345	7.397
Weber	3.663	3.609	3.629	3.647	4.012	4.231	3.359	3.850	4.098	4.364
Ray										
Pscal	2002	2004	2003	2002	2001	2000	1999	1998	1997	9661

Source: Utah State Tax Commission - Property Tax Division office and web site

ofer:

Overlapping rates are those of local and county governments that apply to property owners within Roy City. Not all overlapping rates apply to all Roy City property owners (e.g., the rates for special districts apply only to the property owners whose property is located within the geographic boundaries of the special district).

The total levy for Roy City residents does not include the Central Weber Sewer Improvement District or the Hooper Water Improvement District due to the small number of properties located within those districts.

# ROY CITY CORPORATION PRINCIPAL PROPERTY TAX PAYERS Current Year and Nine Years Ago (Amounts Expressed in Thousands)

•			2005			1996	
Тахрауег	Type of Business	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Boyer lomega	Business Park	\$ 25,676	1	2.74%	\$ -		
Orchard Cove LTD	Residential properties	8,243	2	0.88%	-		_
IBP Funding	Business Park	7,587	3	0.81%	-		1
Pacificorp	Utility	6,185	4	0.66%	<b>6,</b> 106	3	1.389
Questar Gas	Utility	5,568	5	0.59%	4,249	4	0.96%
Boydean B Frazier Family Trust	Retail properties	5,131	6	<b>0.5</b> 5%	-		
Qwest Communications	Utility	3,504	7	0.37%	3,742	5	0.85%
Comcast	Utility	3,365	8	0.36%	· -		-1
K B Family Roy LLC	Retail properties	3,285	9	0.35%		<del>-</del> -	_
Harmon City Inc	Retail properties	2,863	10	0.31%	2,767	7	0.63%
Danson/Birtcher Realty Income	Retail properties	-		0.00%	7,329	1	1.669
Roy City Centre Realty Limited	Retail properties	-		0.00%	6,212	2	1.419
Roy Marketplace LC	Retail properties	-		0.00%	3,330	6	0.75%
Pikes Peak, Inc	Retail properties	-		0.00%	2,490	8	0.569
Union Pacific Railroad Company	Utility	<b>-</b> ,		0.00%	2,478	9	0.56%
Utah & Idaho Consumers	Retail properties			0.00%	1,650	10	0.37%
Total taxable value of 10 largest ta	ıxpayers	71,407		<b>7.6</b> 2%	40,353		9.149
Total taxable value of other taxpay	ers	865,959		92.38%	401,170		90.86%
Total taxable value of all taxpayer	s	\$ 937,366		100.00%	\$ 441,523	•	100.00%

Source: Weber County Treasurer's Office

# ROY CITY CORPORATION PROPERTY TAX LEVIES AND COLLECTIONS

### Last Ten Fiscal Years

(Dollar Values Expressed in Thousands)

Fiscal Year		Total Tax Levy		Current Tax llections	Percent of Levy Collected	elinquent Tax Ollections	Total Tax Collections	Percent of Total Tax Collected to Total Levy
General Fund	d						•	
2005	\$	1,894	\$	1,790	94.51%	\$ 11 <i>7</i>	1,907	100.69%
2004		1,897		1,793	94.52%	56	1,849	97.47%
2003		1,788		1,709	95.58%	<b>6</b> 6	1,775	<b>99.</b> 27%
2002		1,725		1,628	94.38%	94	1,722	<b>99.8</b> 3%
2001		1,723		1,648	95.65%	49	1,697	<b>98.</b> 49%
2000		1,641		1,573 -	95.86%	51	1,624	<b>98.9</b> 6%
1999		1,351		1,282	94.89%	51	1,333	98.67%
1998		1,263		1,215	96.20%	43	1,258	99.60%
1997		1,166		1,129	96.83%	22	1,151	98.71%
1996	<del>-</del> .	1,143		1,125	<b>98</b> .43%	28	1,153	100.87%
Redevelopme	ent Age	ncy Special	Revenu	ie Fund				
2005	\$	69 <b>9</b>	\$	699	100.00%	\$ 13	712	101.86%
2004	-	156		121	<b>77</b> .56%	37	158	101.28%
2003		550		480	87.27%	П	491	89.27%
2002		643		553	86.00%	•	553	86.00%
2001		423		509	120.33%	7	516	121.99%
2000		518		518	100.00%	-	518	100.00%
1999		1,103		1,113	100.91%	6	1,119	101.45%
1 <b>9</b> 98		1,021		1,024	100.29%	-	1,024	100.29%
1 <b>9</b> 97		62 <b>8</b>		629	100.16%	-	629	100.16%
1996		539		493	91.47%	-	493	91.47%

Source: Weber County Treasurer's Office

Note:

Delinquent tax collections are for any previous year collected during the current year.

# ROY CITY CORPORATION RATIOS OF OUTSTANDING DEBT BY TYPE Last Ten Fiscal Years

Governmental Activities

Piscal Year	-	General Obligation Bonds	Cap Lea		_	Notes Payable	URMMA ecaptured Losses	<u>. G</u>	Total Primary overnment	Percent of Perso Incom	nal	Per Capita
2005	\$	382,000	\$		\$	103, <b>873</b>	\$ 12 <b>7,8</b> 10	\$	613,683	0	.08%	\$ 17.38
2004		<b>408</b> ,000		-		208,053	-		616,053	0	.09%	17.48
2003		432,000		-		316,270	•	_	748,270	0	.11%	21.47
2002		458,000		-		428,544	-		886,544	0.	14%	25.88
2 <b>00</b> I		483,000		<del>-</del>		24,228	-		507,228	- 0.	.08%	15.22
2000		810,672		-		339,383	-		1,150,055		20%	34.97
1999		<b>908</b> ,131		-		426,159	-		1,334,290		24%	39.18
1998		653,000	3	0,017		487,304	-		1,170,321		22%	36.09
1997		635,000	12	2,720	:	2,741,706	-		3,499,426		72%	115.32
1996		860,000	210	0,999	:	2,897,240	-		3,968,239		89%	136.29

### Notes:

Details regarding the city's outstanding debt can be found in the notes to the financial statements.

See the Schedule of Demographic and Economic Statistics for personal income and population data.

# ROY CITY CORPORATION RATIOS OF GENERAL BONDED DEBT OUTSTANDING Last Ten Fiscal Years

Fiscal Year	General Obligation Bonds	Sei Mo	ebt rvice onies ilable	Net Bonded Debt	Ratio of Net Bonded  Debt to Estimated  Actual Value of  Taxable Property	D	t Bonded ebt per Capita
2005	\$ 382,000	\$	-	\$ 382,000	0.02%	\$	10.82
2004	408,000		-	408,000	0.03%		11.58
2003	432,000		-	432,000	0.03%		12.39
<b>20</b> 02	458,000		-	458,000	0.03%		13.37
2001	483,000		-	483,000	0.03%		14.50
2000	810,672		-	810,672	0.07%		24.65
1999	908,131		-	908,131	0.09%		<b>26</b> .66
1998	653,000		-	653,000	0.07%		20.14
1997	635,000		-	635,000	0.08%		20.93
1996	860,000		-	860,000	0.12%		29.54

Source: Weber County Auditor/Clerk's office & US Census Bureau

Notes:

Details regarding the city's outstanding debt can be found in the notes to the financial statements.

See the Schedule of Demographic and Economic Statistics for population data.

See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property for property value data.

# ROY CITY CORPORATION DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT As of June 30, 2005

Governmental Unit		General Bonded Debt Outstanding	Estimated Percentage Applicable to Roy City	-	Estimated Share of Overlapping Debt
North Davis County Sewer District Roy Water Conservancy Subdistrict State of Utah Weber Basin Water Conservancy District Weber County Weber County School District	\$	49,385,000 2,795,000 1,514,510,000 35,212,377 27,000,000 64,730,000	12.81% 100.00% 0.69% 3.91% 11.89% 18.36%	\$	6,326,377 2,795,000 10,451,923 1,377,017 3,209,550 11,882,652
Overlapping debt				\$	36,042,520
Roy City bonded debt			100.00%		382,000
Total direct and overlapping general bonded obli	igation c	debt		\$	36,424,520

Source: Individual governmental unit

Note:

The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by taking Roy City's taxable property value and dividing by the governmental unit's taxable property value.

# ROY CITY CORPORATION LEGAL DEBT MARGIN INFORMATION Last Ten Fiscal Years (Amounts Expressed in Thousands)

					Fiscal Year	Year	:			
	2002	2004	2003	2002	2001	2000	6661	1998	1997	1996
Debt Limit	\$ 35,383	\$ 36,499	\$ 34,631	\$ 33,336	\$ 30,971	\$ 26.626	\$ 22,168	\$ 20,988	\$ 18,476	\$ 16,276
Total net debt applicable to limit	1		•	1	1	ı	•	1	1	
Legal debt margin	\$ 35,383	\$ 36,499	\$ 34,631	\$ 33,336	\$ 30,971	\$ 26,626	\$ 22,168	\$ 20.988	\$ 18,476	\$ 16,276
Total net debt applicable to the limit as a percentage of debt limit	<b>%</b> 0	%0	<b>%</b> 0 .	<b>%</b> 0	%0	%0	%0	%0	%0	<b>%</b> 0
Total assessed value Debt limit (4% of total assessed value)				\$ 884,583 35,383						
Debt applicable to limit: Total bonded debt										
Special assessment bonds Revenue bonds			- ' '							
Amounts available for repayment of general obligation bonds Other deductions allowed by law Total net debt applicable to limit Legal debt margin	general obligatio	spuoq uo	1 4	\$ 35,383						

Note: Does not include values for the Redevelopment Agency Special Revenue Fund.

# ROY CITY CORPORATION DEMOGRAPHIC AND ECONOMIC STATISTICS Last Ten Hscal Years

		Personal	er Capita Personal	Unemployment
Year	Population	Income	 Income	Rate
2005	35,308	\$ 737,167,478	\$ 20,878	4.1%
2004	35,245	694,785,559	19,713	4.7%
2003	34,855	6 <b>52,9</b> 93,94 <b>7</b>	18,735	5.6%
2002	34,255	634,590,813	18,525	6.1%
2001	33,320	618,509,564	18,563	4.4%
2000	32,885	 585,155,690	 17,794	3.3%
1999	34,059	546,016,416	16,031	3.7%
1998	32,428	520,511,360	16,051	3.8%
1997	30,346	483,297,456	15.926	.3.1%
1996	29,116	44 <b>7,0</b> 83,6 <b>78</b>	15,355	3.5%

Source: US Census Bureau, State of Utah Governor's Office web sites, and Department of Workforce Services Notes:

All figures for 2000 are from the 2000 US Census.

Population figures from 2001-2005 are estimates based on the US Census' population estimates program and population figures from 1996-1999 are estimates based on new home construction.

Personal income figures, other than 2000, are estimates based on annual growth rates for the State of Utah.

Unemployment figures for 1996-1999 & 2001-2003 are rates for the State of Utah. The figure for 2000 is from the US Census and the figures for 2004 & 2005 are from the Department of Workforce Services.

# ROY CITY CORPORATION PRINCIPAL EMPLOYERS Current Fiscal Year

2005 Percentage of **Total City Employer** Type of Business **Employees** Rank **Employment** ŀ 1.42% Manufacturing 242 lomega Intermountain Staffing Services Office 238 2 1.39% 237 3 Government 1.39% Roy City Kelly Temporary Services Office 187 4 1.09% Harmon's Retail 147 5 0.86% 75 6 0.44% Feature Films for Families Retail 75 6 Winegars Supermarket Retail 0.44% 62 8 0.36% Vinyl Guys Inc. Construction 9 48 0.28% Albertson's Inc Retail Retail 40 10 0.23% Ray Citte, Inc 40 10 0.23% Stock Building Supply Retail 0.23% **Department of Workforce Services** Government 40 10 Total employees of 10 largest employers 1,431 8.37% 91.63% 15,659 Total employees of other employers 100.00% 17,090 Total population in labor force

Source: Department of Workforce Services & 2000 US Census

Note:

The total population in labor force figure is from the 2000 US Census. Yearly information is not available.

# ROY CITY CORPORATION FULL-TIME CITY GOVERNMENT EMPLOYEES BY FUNCTION Last Four Piscal Years

Full-time Employees as of June 30 **Function** General government Public safety Police Officers *7 7* Civilians Firefighters and officers Civilians Public works Parks and recreation Water and sewer Storm sewer Total 

Note:

In 2003, three employees were reclassified from public works to general government.

### ROY CITY CORPORATION

### **OPERATING INDICATORS BY FUNCTION**

### **Current Fiscal Year**

	es 137
	Fiscal Year
<b>.</b>	2005
Function	
Police	
Moving violations	2,455
Non-moving violations	3,459
DUI violations	106
Parking violations	1,148
Fire	
Number of calls answered - Fire	456
Number of calls answered - Medical	3,490
Inspections	334
Streets	
Snow removal and sanding:	
Miles	4,212
Hours	_ 569
Asphalt resurfacing (tons)	2,200
Water	
Service connections	10,388
Water main breaks	15
Average daily consumption (gallons)	2,868,266
Aquatic Center	
Admissions	62,954
Complex	
Admissions	42,320
Classes taught	2,722

Source: Various government departments

# ROY CITY CORPORATION CAPITAL STATISTICS BY FUNCTION

Last Three Fiscal Years

		Fiscal Year	
	2005	2004	2003
Function	1		
Police			
Stations	1	1	1
Patrol units	22	25	25
Motorcycle units	2	2	23
Animal control units	2	- 2	2
Fire		<b>4</b>	
Stations	2	2	2
Streets	<del>-</del>		2
Streets (miles)	110	109	108
Curb and gutter (miles)	214	10)	100
Sidewalk (miles)	183		
Streetlights	791	<b>77</b> 7	772
Traffic signals	2	,,,	//2
Parks and recreation			-
Community centers	i	1	1
Parks	9	9	9
Park acreage	110	110	. 110
Covered picnic areas	14	14	. 13
Baseball/Softball diamonds	13	13	13
Soccer fields	11	11	10
Tennis courts	3	3	3
Swimming pools	2	2	2
Gymnasiums	_ 1	ı	<u> </u>
Sewer		•	•
Sanitary sewers (miles)	112	112	111
Storm sewers (miles)	79	78	<i>7</i> 3
Water		, ,	/3
Water lines (miles)	151	150	148
Fire hydrants	1,304	1,282	1,260

Source: Various government departments

# REPORTS ON COMPLIANCE AND INTERNAL CONTROL INCLUDING REPORTS REQUIRED UNDER THE SINGLE AUDIT ACT

Harlan P. Schmitt, MBA, CPA
Sherman H. Smith, MBA, CFP, CPA
Brent H. Griffiths, MBA, CPA
Mark C. Furniss, CPA
Street L. Tholen, CPA
Dan C. Milne, MIM, CMA, CPA

# Schmitt, Griffiths, Smith & Co., P.C.

Independent Auditors' Report on Compliance And On Internal Control Over Financial Reporting Based On An Audit of Financial Statements Performed in Accordance

With Government Auditing Standards

Honorable Mayor and Members of the City Council Roy, Utah

We have audited the general purpose financial statements of Roy City Corporation as of and for the year ended June 30, 2005, and have issued our report thereon dated August 22, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

### <u>Compliance</u>

As part of obtaining reasonable assurance about whether Roy City Corporation's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

### Internal Control Over Financial Reporting

In planning and performing our audit we considered Roy City Corporation's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect Roy City Corporation's ability to record, process, summarize and report financial data consistent with the assertions of administration in the financial statements.

A material weakness is a condition in which the design or operation of one or more of the internal control components do not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. We noted no matters involving the internal control structure and its operations that we consider to be material weaknesses as defined above.







This report is intended solely for the information and use of the audit committee, administration, the Mayor, City Council, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Schmitt Lighter, Smian : E. P.C.

August 22, 2005

Harlan P. Schenier, MBA, CPA
Sherman H. Smith, MBA, CPP, CPA
Brent H. Galfichs, MBA, CPA
Mach C. Furniss, CPA
Smarr L. Tholen, CPA
This C. MBA, MBA, CPA

### Schmitt, Griffiths, Smith & Co., P.C.

### Independent Auditors' Report On State of Utah Legal Compliance

Honorable Mayor and Members of the City Council Roy, Utah

We have audited the financial statements of Roy City Corporation for the year ended June 30, 2005 and have issued our report thereon dated August 22, 2005. As part of our audit, we have audited Roy City Corporation's compliance with the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort or earmarking; special tests and provisions applicable to each of its major state assistance programs as required by the State of Utah's Legal Compliance Audit Guide for the year ended June 30, 2005. The City received the following major state assistance programs from the State of Utah:

Liquor Law Enforcement B & C Road

Our audit included test work on the City's compliance with those general compliance requirements identified in the State of Utah Legal Compliance Audit Guide, including:

Public Debt
Cash Management
Purchasing
Budgetary Compliance
Truth in Taxation and Property Tax Limitations
Special Districts
Other Compliance Requirements
Department of Commerce Compliance

The management of Roy City Corporation is responsible for the City's compliance with all compliance requirements identified above. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit in accordance with generally accepted accounting standards and *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

The results of our audit procedures disclosed instances of noncompliance with the requirements referred to above, which are outlined in the accompanying schedule of findings and questioned costs.







In our opinion, except for the instances of noncompliance listed in the accompanying schedule of findings and questioned costs. Roy City Corporation complied, in all material respects, with the general compliance requirements identified above for the year ended June 30, 2005.

Schnitt Hippiles Smith : G. P.C.

August 22, 2005

### **ROY CITY CORPORATION**

### Summary of Findings and Questioned Costs Year Ended June 30, 2005

### **Budgetary Compliance**

<u>Finding #1</u>: The expenditures in the Animal Control Department exceeded budgetary appropriations.

<u>Recommendation</u>: We recommend that the City not incur expenditures or encumbrances in excess of budgetary appropriations for any department.

Response: The City has one and one-half FTE's in the Animal Control department. When one employee is away, the other most cover the needs of the City. For the fiscal year, over-time and part-time wages were exceeded due to shift coverage. Future budgets will be watched closely and adjusted when unexpected expenditures occur.

<u>Finding #2</u>: The expenditures in the Aquatic Center exceeded budgetary appropriations.

<u>Recommendation</u>: We recommend that the City not incur expenditures or encumbrances in excess of budgetary appropriations for any department.

Response: Weather during the fall and spring of FY 2005 was very cool, causing heating bills to be high. The billings for electricity and gas for June 30, 2005 were \$17,245, which far exceeded budgeted estimates for the month. At the time the bills were received, the City was no longer able to increase the budget and had to let the overage flow through the financial statements. Sufficient general fund revenues were available to cover the expenditures.

#### Other General Compliance Issues

Finding #1: The unappropriated fund balance of the general fund exceeds 18% of total estimated revenue of the general fund by \$634,256.

Recommendation: We recommend that the City include the excess as an available resource to the general fund and appropriate it in the subsequent budget.

Response: The City projected a tighter revenue stream and requested that departments hold costs down as much as possible. Overall revenues ended up being 3% higher than budget. This along with the departments holding expenditures down, 2% below budget, caused an unexpected surplus. As required, the City will include this portion of fund balance as an appropriation in the next fiscal year. The City has a long-term capital improvements plan that will be financed by the excess funds.

Mayor City Manager • Roger Phil Burnett

• Christopher G. Davis



City Council

 Margie B. Becraft, Larry Peterson, Tommy Smith, Dave Tafoya Dan Tanner

November 14, 2005

Mr. MacRay A. Curtis, CPA
Office of the State Auditor
East Office Building, Suite E-310
P. O. Box 142310
Salt Lake City, Utah 84114-2310

Dear Mr. Curtis:

The financial audit for Roy City Corporation for FY 2005 has been completed and a copy of the Comprehensive Annual Financial Report included herewith.

As a result of the audit on general compliance with State guidelines, the City has been found non-compliant in two areas. First, two departments were over budget for the fiscal year. This includes the Animal Control Department and the Aquatic Center.

The bulk of the budget for Animal Control is tied up in wages and benefits. The department initiated a campaign to get unlicensed animals licensed and to ticket violators. In addition, there was significant turnover in the part-time position which required over-time for shift coverage from the full-time position. These factors along with the accrual for vacation at year-end led to the department being over budget.

For the Aquatic Center, the cool weather in fall and spring led to higher than expected utility bills. The final spring utility bill totaled \$17,245. This was in excess of the prior year's spring billing which was used to prepare the budget. The billing arrived after the last City Council meeting for the year, so we were unable to correct the overage by adjusting the budget.

In both instances, there were sufficient monies in the general fund to cover the overages. For the future, we will place additional funding in some of the areas where the potential for overages exists. This includes wages and utilities.

The second area of concern is the general fund unappropriated fund balance. The City monitored the fund balance carefully throughout the year. In January, sales tax revenues were down and departments were asked to tighten their belts in case the stagnant trend continued. The departments did reduce spending and by March, it appeared that we were on track to meet budgeted revenues. By year end, with all the accruals for various tax revenues, we ended up 3% above budgeted revenue. Once again, it

was too late to have the departments increase their expenditures up to the original budget amounts. So the increased revenue and decreased expenditures led to the overage in fund balance.

We plan to do two things to correct the overage. We have an extensive capital improvements plan that needs funding. The overage will be transferred in FY 2006 to help fund the improvements. In addition, we will transfer an extra 1%-3% of the fund balance so that overages in future years will not cause the total fund balance to be in excess of the 18% limitation. In the past we have left the fund balance at exactly 18% of budgeted revenues, which does not give us any leeway in the case of overages.

A proposal to increase the budget will be sent to the City Council in January 2006 to allow for the fund transfers and changes in expenditures. It will be the responsibility of the City Manager and Management Services Director to present the budget adjustment to the City Council. If you have any questions or comments on this information, please give me a call at 801-774-1042.

Sincerely,

Cathy A. Spencer

Management Services Director